**STATE OF SOUTH CAROLINA** )

**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**Petition of South Carolina Electric & Gas Company for an Accounting Order to Adopt New Depreciation Rates Effective January 1, 2009**

**COVER SHEET**

**DOCKET NUMBER: 2009 - ____ - E**

(Please type or print)


**Submitted by:** K. Chad Burgess
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition** ☒ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:**

**INDUSTRY (Check one)**

- ☒ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☐ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

**NATURE OF ACTION (Check all that apply)**

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☐ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☒ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☐ Late-Filed Exhibit
- ☒ Letter
- ☐ Memorandum
- ☐ Motion
- ☐ Objection
- ☒ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☐ Report
- ☐ Request
- ☐ Request for Certification
- ☐ Request for Investigation
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

**K. Chad Burgess**
Assistant General Counsel

*chad.burgess@scana.com*

December 4, 2009

**VIA ELECTRONIC FILING**

The Honorable Charles Terreni
Chief Clerk/Administrator
**Public Service Commission of South Carolina**
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company
Petition for an Accounting Order
Docket No. 2009-___-E

Dear Mr. Terreni:

Enclosed for filing, on behalf of South Carolina Electric & Gas Company, is a Petition for an accounting order to adopt new depreciation rates effective January 1, 2009.

By copy of this letter we are serving the South Carolina Office of Regulatory Staff with a copy of the enclosed Petition and attach a certificate of service to that effect.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosures
cc: Shannon Bowyer Hudson, Esquire
John W. Flitter
(both electronic mail and First Class U.S. Mail w/enclosures)

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2009-____-E**

IN RE:

| | | |
|---|---|---|
| Petition of South Carolina Electric & Gas Company for an Accounting Order to Adopt New Depreciation Rates Effective January 1, 2009 | ) | **CERTIFICATE OF SERVICE** |

This is the certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Petition for an Accounting Order** via electronic and First Class U.S. Mail to the persons named below at the addresses set forth:

Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
shudson@regstaff.sc.gov

John W. Flitter
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
jflitter@regstaff.sc.gov

Karen M. Scruggs

Columbia, South Carolina
This 4th day of December 2009

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2009 - ___ - E**

| | | |
|---|---|---|
| IN RE: | ) | |
| | ) | |
| Petition of South Carolina Electric & Gas Company for an Accounting Order to Adopt New Depreciation Rates Effective January 1, 2009. | ) | **PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR AN ACCOUNTING ORDER** |
| | ) | |

South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files with the Public Service Commission of South Carolina ("Commission") this Petition, pursuant to S.C. Code Ann. § 58-27-1540 (Supp. 2008) and 26 S.C. Code Ann. Reg. 103-825 (1976, as amended), seeking an accounting order for regulatory accounting purposes authorizing SCE&G to (i) adopt updated depreciation rates effective January 1, 2009, (ii) apply the credit resulting from the application of the updated depreciation rates to calendar year 2009 activity so as to reduce the cost of fuel incurred by the Company as a result of its electric generation operations, and (iii) flow the results of the updated depreciation rates through utility operating income beginning in January 2010.

The request for relief set forth herein will not involve a change to any of SCE&G's rates or prices, or require any change in any Commission rule, regulation, or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this Petition.

In support of this Petition, SCE&G respectfully would show unto the Commission the following key facts and would request and petition the Commission for the following relief:

1. SCE&G is a corporation organized and existing under the laws of the State of South Carolina. Further, SCE&G is, in part, an electric utility engaged in the generation, transmission, distribution, and sale of electricity to the public for consumption. SCE&G's retail electric operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 27 of Title 58 of the South Carolina Code of Laws.

2. SCE&G operates an integrated electric utility system that serves over 654,000 customers in 24 counties covering nearly 16,000 square miles in central, southern and southwestern portions of South Carolina. SCE&G's service territory includes the metropolitan areas of Charleston, Columbia, Beaufort, and Aiken and many other smaller cities and towns, and rural areas in South Carolina.

3. Corporate legal counsel for SCE&G in this proceeding are as follows:

K. Chad Burgess, Esquire
Matthew W. Gissendanner, Esquire
**South Carolina Electric & Gas Company**
Mail Code C222
220 Operation Way
Cayce, SC 29033-3701
Telephone: 803-217-8141
Facsimile: 803-217-7931
chad.burgess@scana.com
matthew.gissendanner@scana.com

All correspondence and any other matters relative to this proceeding should be addressed to SCE&G's authorized representatives as stated hereinabove.

4. To ensure that its accumulated depreciation reserves are at appropriate levels and in keeping with sound accounting practice, SCE&G initiates a study of its depreciation

reserves and corresponding depreciation rates on a periodic basis ("Depreciation Study"). Historically, the Company conducts a Depreciation Study every five years. SCE&G completed its most recent Depreciation Study in 2004, which was based on electric and common plant balances as of December 31, 2003. In accordance with Order No. 2005-2, dated January 6, 2005, issued in Docket No. 2004-178-E, SCE&G implemented the depreciation rates resulting from the 2004 Depreciation Study and those rates remain in effect today.

5. In April 2009 and consistent with past practices, SCE&G commenced a new Depreciation Study using electric and common plant balances as of December 31, 2008 ("2009 Depreciation Study"). The results of the 2009 Depreciation Study, which is attached hereto as Exhibit A, reflect an annual decrease to depreciation expense of approximately $11.9 million based on electric and common plant (applicable to electric service) balances as of December 31, 2008.

6. Based on the foregoing, SCE&G respectfully requests that the Commission authorize the Company to adopt the results of the 2009 Depreciation Study and implement the updated depreciation rates effective January 1, 2009. The requested effective date of January 1, 2009 will ensure timely implementation of the updated depreciation rates in the Company's accounting books and records and result in the most accurate depreciation reserves going forward by aligning the effective date with the plant balances used in the Depreciation Study.

7. Furthermore, the Company respectfully requests that the Commission authorize that the credit resulting from the application of the updated depreciation rates to calendar year 2009 activity be applied to reduce the Company's deferred fuel balance resulting from its electric generation operations and that beginning in January 2010 the results of the lower

depreciation rates flow through the Company's utility operating income to the benefit of the customer, which is standard treatment for such an item.

**WHEREFORE**, having set forth its Petition, SCE&G respectfully requests that the Commission issue an accounting order authorizing SCE&G to (i) adopt the results of the depreciation study attached as Exhibit A and implement the updated depreciation rates effective January 1, 2009, (ii) apply the credit resulting from the application of the updated depreciation rates to calendar year 2009 activity to reduce the Company's deferred fuel balance resulting from its electric generation operations, (iii) flow the results of the updated depreciation rates through utility operating income beginning in January 2010, and granting such further relief as the Commission believes is just and proper.

Respectfully submitted,

K. Chad Burgess, Esquire
Matthew W. Gissendanner, Esquire
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Attorneys for SCE&G

Cayce, South Carolina
December 4, 2009

# SOUTH CAROLINA ELECTRIC & GAS COMPANY

COLUMBIA, SOUTH CAROLINA

# DEPRECIATION STUDY

## CALCULATED ANNUAL DEPRECIATION ACCRUALS

## RELATED TO ELECTRIC AND COMMON PLANT

## AS OF DECEMBER 31, 2008

SOUTH CAROLINA ELECTRIC & GAS COMPANY

Columbia, South Carolina

# DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO ELECTRIC AND COMMON PLANT

AS OF DECEMBER 31, 2008

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

**GANNETT FLEMING, INC.**
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
**Office: (717) 763-7211**
Fax: (717) 763-4590
www.gannettfleming.com

November 20, 2009

South Carolina Electric & Gas Company
1426 Main Street
Columbia, SC 29201

ii

Attention Mr. Barry T. Burnette
Director Corporate Taxes
Plans and Payroll

Ladies & Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the electric and common plant of South Carolina Electric & Gas Company as of December 31, 2008. The attached report presents a description of the methods used in the estimation of depreciation and the summary of annual and accrued depreciation.

Respectfully submitted,

GANNETT FLEMING, INC.

John J. Spanos

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

050324.100

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# PART I. INTRODUCTION

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO ELECTRIC AND COMMON PLANT
AS OF DECEMBER 31, 2008

# PART I. INTRODUCTION

## SCOPE

This report presents the results of the depreciation study prepared for South Carolina Electric & Gas Company ("Company") as applied to electric and common plant in service as of December 31, 2008. It relates to the concepts, methods and basic judgments which underlie recommended annual depreciation accrual rates related to current electric plant in service.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2008; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the electric industry, including knowledge of service life and salvage estimates used for other electric properties.

## PLAN OF REPORT

Part I includes brief statements of the scope and basis of the study. Part II presents descriptions of the methods used in the service life and salvage studies and the methods and procedures used in the calculation of depreciation. Part III presents the results of the study, including depreciation rates, accruals and calculated remaining lives.

## BASIS OF STUDY

### Depreciation

For most accounts, the annual depreciation was calculated by the straight line method using the average service life procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation was based on amortization accounting. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group.

### Survivor Curve and Net Salvage Estimates

The procedure for estimating survivor curves, which define service lives and remaining lives, consisted of compiling historical service life data for the plant accounts or other depreciable groups, analyzing the historical data base through the use of accepted techniques, and forecasting the survivor characteristics for each depreciable account or group. These forecasts were based on interpretations of the historical data analyses and the probable future. The combination of the historical data and the estimated future trend yields a complete pattern of life characteristics, i.e., a survivor curve, from which the average service life and remaining service life are derived.

The historical data analyzed for life estimation purposes were compiled through 2008 from the Company's plant accounting records. Such data included plant additions, retirements, transfers and other activity recorded by the Company for each of its plant accounts and subaccounts.

The estimates of net salvage by account incorporated a review of experienced costs of removal and salvage related to plant retirements by function, and consideration of trends exhibited by the historical data. Each component of net salvage, i.e., cost of removal and salvage, was stated in dollars and as a percent of retirement.

An understanding of the function of the plant and information with respect to the reasons for past retirements and the expected causes of future retirements was obtained through field trips and discussions with operating and management personnel. The supplemental information obtained in this manner was considered in the interpretation and extrapolation of the statistical analyses.

Calculation of Depreciation

The depreciation accrual rates were calculated using the straight line method, the remaining life basis and the average service life depreciation procedure. The life span technique was used for certain facilities. In this technique, an average date of final retirement was estimated for each such facility, and the estimated survivor curves applied to each vintage were truncated at ages coinciding with the dates of final retirement.

The continuation of amortization accounting for certain accounts is recommended because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented on page II-32 of the report.

# PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

# PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

## DEPRECIATION

Depreciation, as defined in the Uniform System of Accounts, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, requirements of public authorities, and, in the case of natural electric companies, the exhaustion of natural resources.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

The calculation of annual depreciation based on the straight line method requires the estimation of average life and salvage. These subjects are discussed in the sections which follow.

## SERVICE LIFE AND NET SALVAGE ESTIMATION

### Average Service Life

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the Iowa type survivor curves are reviewed.

### Survivor Curves

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval and is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

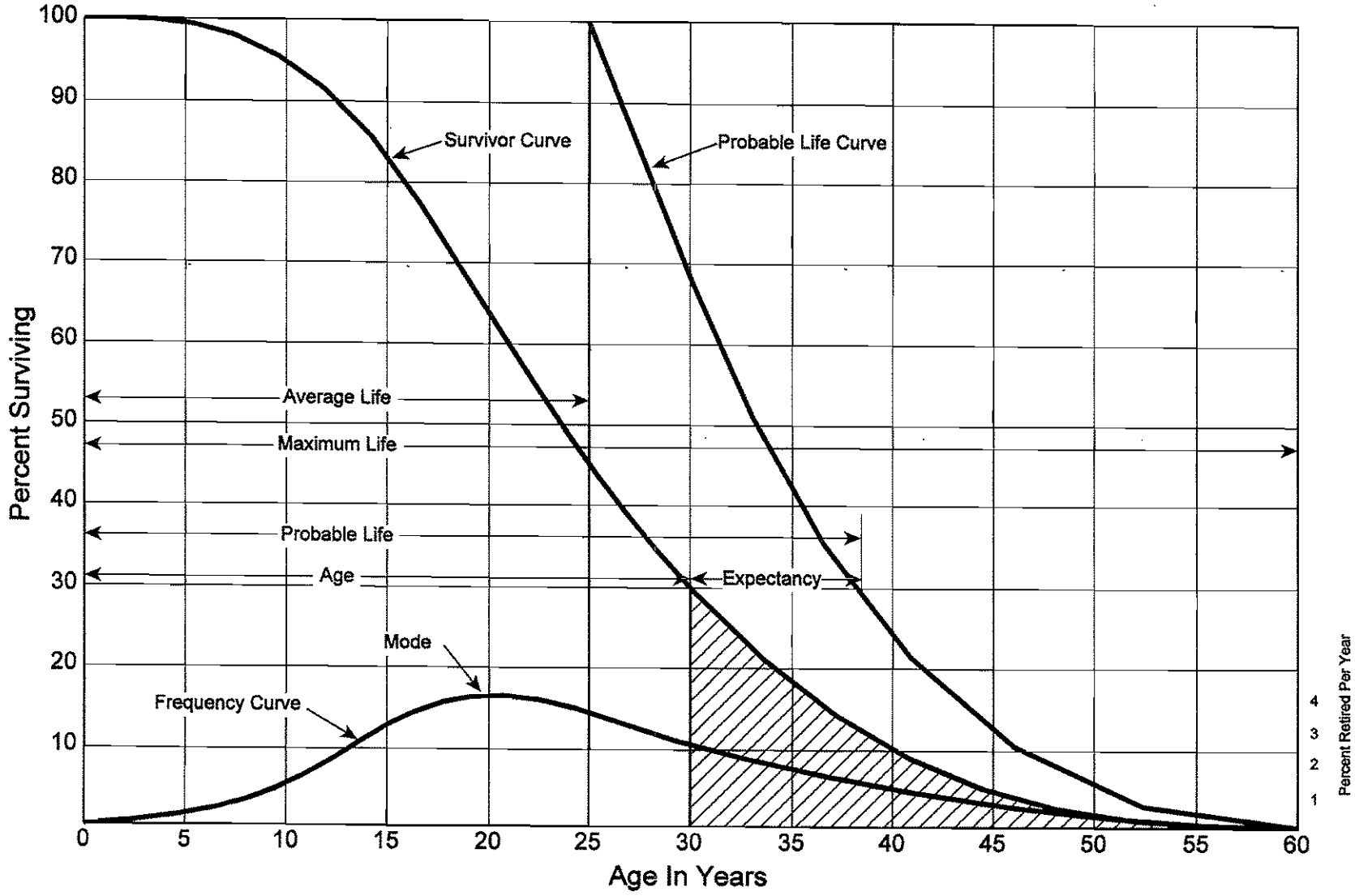


Figure 1. A Typical Survivor Curve and Derived Curves

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.[1] These type curves have also been presented in subsequent Experiment Station

[1]Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

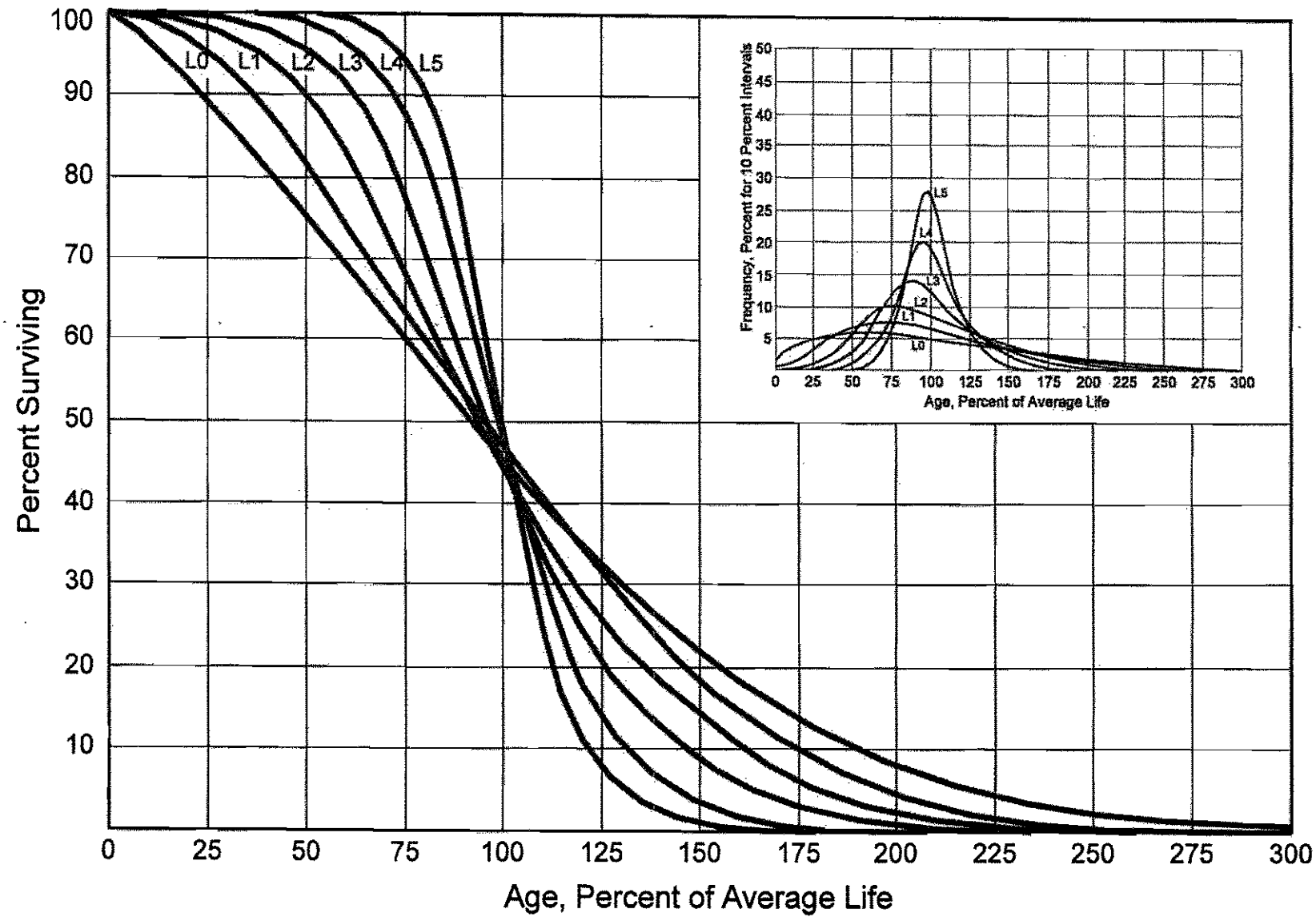


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

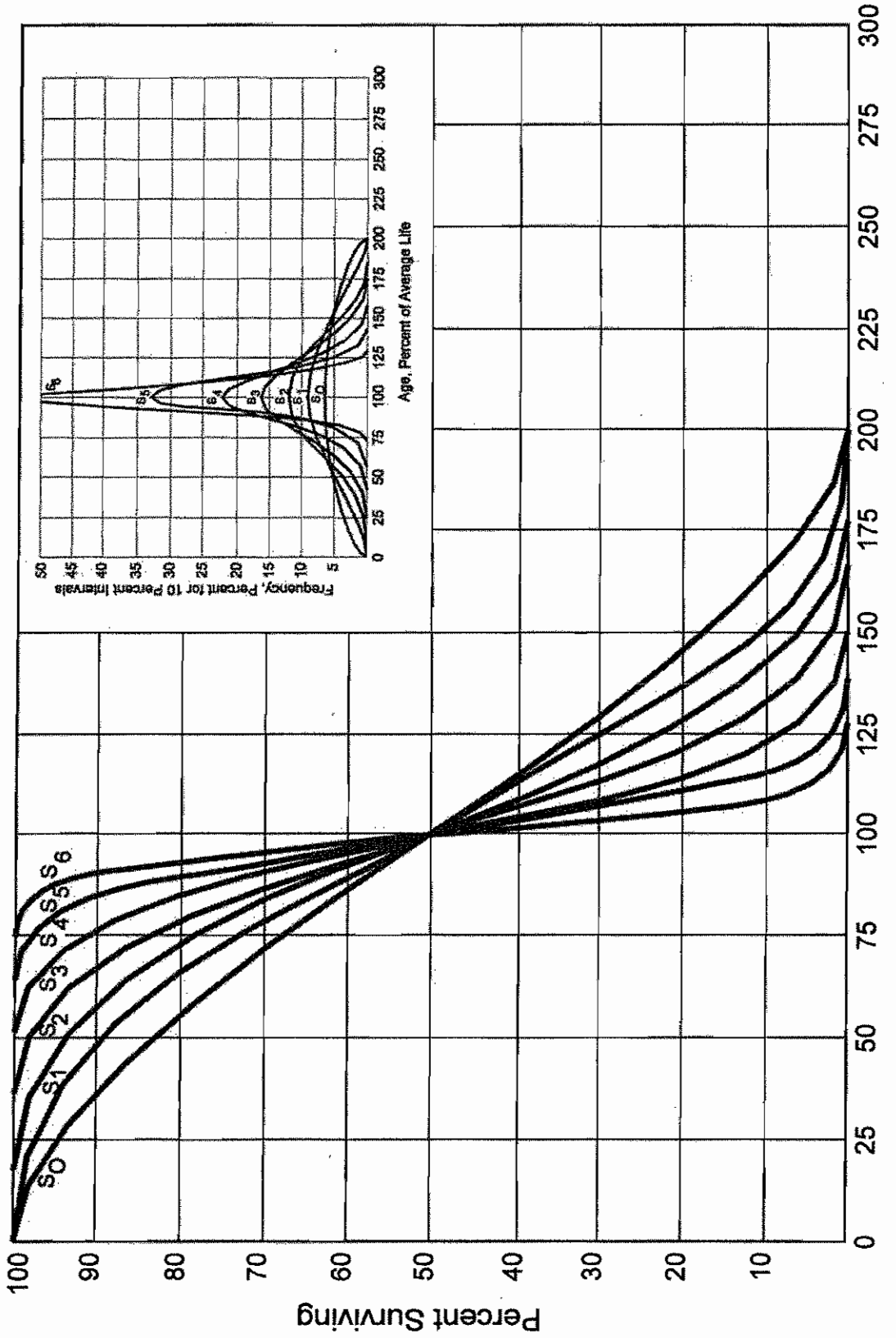


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

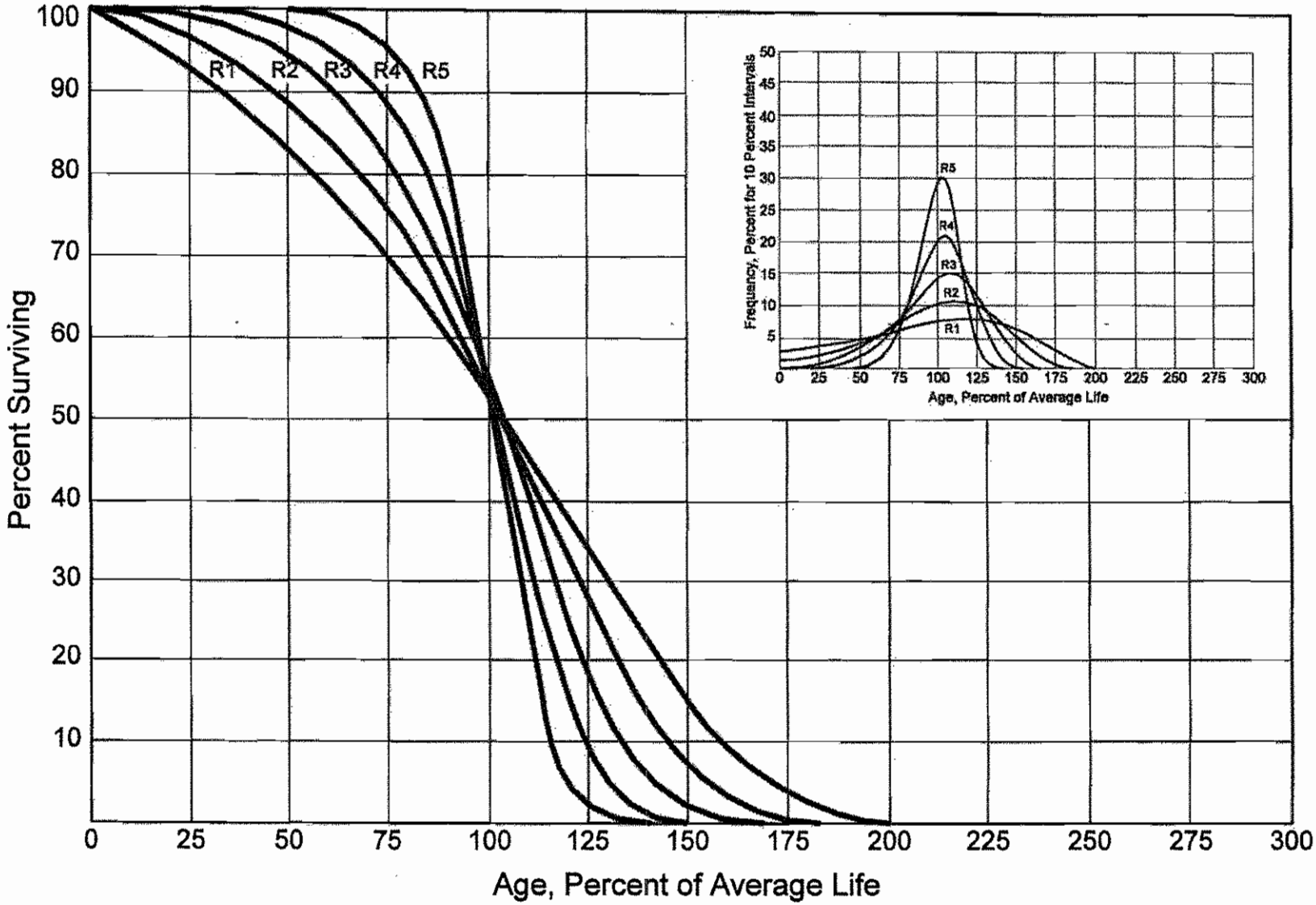


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

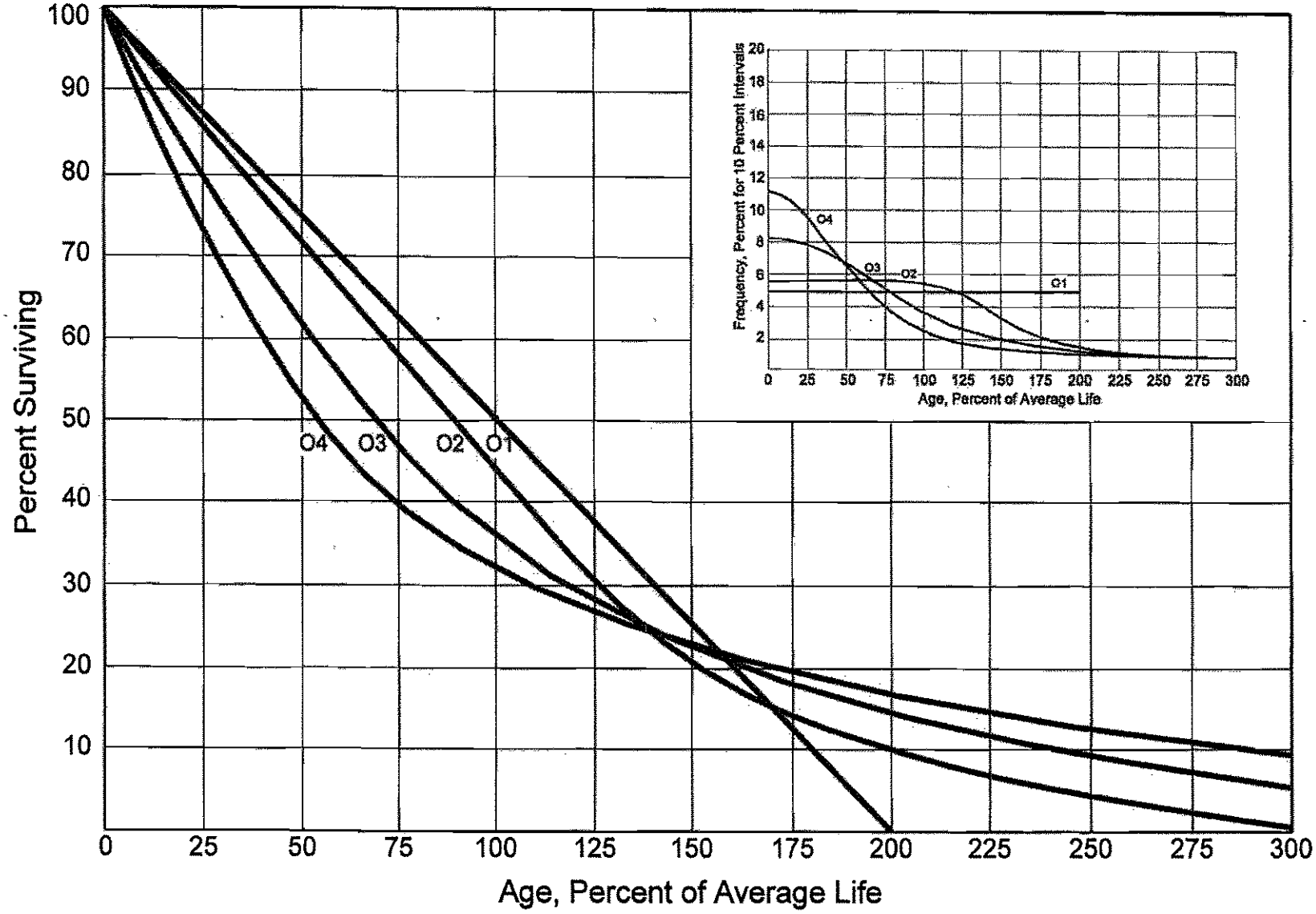


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

bulletins and in the text, "Engineering Valuation and Depreciation."[2] In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis[3] presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available or for which aged accounting experience is developed by statistically aging unaged amounts and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"[4] "Engineering Valuation and Depreciation,"[5] and "Depreciation Systems."[6]

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginnings of the age intervals during the same

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[2]Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

[3]Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.

[4]Winfrey, Robley, Supra Note 1.

[5]Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

[6]Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 1999-2008 during which there were placements during the years 1994-2008. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Tables 1 and 2 on pages II-12 and II-13. In Table 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, $10,000 of the dollars invested in 1994 were retired in 1999. The $10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age

TABLE 1. RETIREMENTS FOR EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008

Placement Band 1994-2008

| Year Placed (1) | Retirements, Thousands of Dollars During Year 1999 (2) | 2000 (3) | 2001 (4) | 2002 (5) | 2003 (6) | 2004 (7) | 2005 (8) | 2006 (9) | 2007 (10) | 2008 (11) | Total During Age Interval (12) | Age Interval (13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1994 | 10 | 11 | 12 | 13 | 14 | 16 | 23 | 24 | 25 | 26 | 26 | 13½-14½ |
| 1995 | 11 | 12 | 13 | 15 | 16 | 18 | 20 | 21 | 22 | 19 | 44 | 12½-13½ |
| 1996 | 11 | 12 | 13 | 14 | 16 | 17 | 19 | 21 | 22 | 18 | 64 | 11½-12½ |
| 1997 | 8 | 9 | 10 | 11 | 11 | 13 | 14 | 15 | 16 | 17 | 83 | 10½-11½ |
| 1998 | 9 | 10 | 11 | 12 | 13 | 14 | 16 | 17 | 19 | 20 | 93 | 9½-10½ |
| 1999 | 4 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 20 | 105 | 8½-9½ |
| 2000 | | 5 | 11 | 12 | 13 | 14 | 15 | 16 | 18 | 20 | 113 | 7½-8½ |
| 2001 | | | 6 | 12 | 13 | 15 | 16 | 17 | 19 | 19 | 124 | 6½-7½ |
| 2002 | | | | 6 | 13 | 15 | 16 | 17 | 19 | 19 | 131 | 5½-6½ |
| 2003 | | | | | 7 | 14 | 16 | 17 | 19 | 20 | 143 | 4½-5½ |
| 2004 | | | | | | 8 | 18 | 20 | 22 | 23 | 146 | 3½-4½ |
| 2005 | | | | | | | 9 | 20 | 22 | 25 | 150 | 2½-3½ |
| 2006 | | | | | | | | 11 | 23 | 25 | 151 | 1½-2½ |
| 2007 | | | | | | | | | 11 | 24 | 153 | ½-1½ |
| 2008 | — | — | — | — | — | — | — | — | — | 13 | 80 | 0-½ |
| Total | 53 | 68 | 86 | 106 | 128 | 157 | 196 | 231 | 273 | 308 | 1,606 | |

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008

Placement Band 1994 -2008

| Year Placed | Acquisitions, Transfers and Sales, Thousands of Dollars During Year | | | | | | | | | | Total During Age Interval | Age Interval |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| 1994 | - | - | - | - | - | - | 60[a] | - | - | - | - | 13½-14½ |
| 1995 | - | - | - | - | - | - | - | - | - | - | - | 12½-13½ |
| 1996 | - | - | - | - | - | - | - | - | - | - | - | 11½-12½ |
| 1997 | - | - | - | - | - | - | - | (5)[b] | - | - | 60 | 10½-11½ |
| 1998 | - | - | - | - | - | - | - | 6[a] | - | - | - | 9½-10½ |
| 1999 | | - | - | - | - | - | - | - | - | - | (5) | 8½-9½ |
| 2000 | | - | - | - | - | - | - | - | - | - | 6 | 7½-8½ |
| 2001 | | | - | - | - | - | - | - | - | - | - | 6½-7½ |
| 2002 | | | | - | - | - | - | (12)[b] | - | - | - | 5½-6½ |
| 2003 | | | | | - | - | - | - | 22[a] | - | - | 4½-5½ |
| 2004 | | | | | | - | - | (19)[b] | - | - | 10 | 3½-4½ |
| 2005 | | | | | | | - | - | - | - | - | 2½-3½ |
| 2006 | | | | | | | | - | - | (102)[c] | (121) | 1½-2½ |
| 2007 | | | | | | | | | - | - | - | ½-1½ |
| 2008 | — | — | — | — | — | — | — | — | — | — | - | 0-½ |
| Total | - | - | - | - | - | - | 60 | (30) | 22 | (102) | (50) | |

[a] Transfer Affecting Exposures at Beginning of Year
[b] Transfer Affecting Exposures at End of Year
[c] Sale with Continued Use
Parentheses denote Credit amount.

interval. For example, the total of $143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Table 1 immediately above the stairstep line drawn on the table beginning with the 1999 retirements of 1994 installations and ending with the 2008 retirements of the 2003 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.

In Table 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Table 3 on page II-15.

The surviving plant at the beginning of each year from 1999 through 2008 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Table 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Tables 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the

TABLE 3. PLANT EXPOSED TO RETIREMENT
JANUARY 1 OF EACH YEAR 1999-2008
SUMMARIZED BY AGE INTERVAL

Experience Band 1999-2008 Placement Band 1994-2008

| Year Placed (1) | Exposures, Thousands of Dollars — Annual Survivors at the Beginning of the Year: 1999 (2) | 2000 (3) | 2001 (4) | 2002 (5) | 2003 (6) | 2004 (7) | 2005 (8) | 2006 (9) | 2007 (10) | 2008 (11) | Total at Beginning of Age Interval (12) | Age Interval (13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1994 | 255 | 245 | 234 | 222 | 209 | 195 | 239 | 216 | 192 | 167 | 167 | 13½-14½ |
| 1995 | 279 | 268 | 256 | 243 | 228 | 212 | 194 | 174 | 153 | 131 | 323 | 12½-13½ |
| 1996 | 307 | 296 | 284 | 271 | 257 | 241 | 224 | 205 | 184 | 162 | 531 | 11½-12½ |
| 1997 | 338 | 330 | 321 | 311 | 300 | 289 | 276 | 262 | 242 | 226 | 823 | 10½-11½ |
| 1998 | 376 | 367 | 357 | 346 | 334 | 321 | 307 | 297 | 280 | 261 | 1,097 | 9½-10½ |
| 1999 | 420[a] | 416 | 407 | 397 | 386 | 374 | 361 | 347 | 332 | 316 | 1,503 | 8½-9½ |
| 2000 | | 460[a] | 455 | 444 | 432 | 419 | 405 | 390 | 374 | 356 | 1,952 | 7½-8½ |
| 2001 | | | 510[a] | 504 | 492 | 479 | 464 | 448 | 431 | 412 | 2,463 | 6½-7½ |
| 2002 | | | | 580[a] | 574 | 561 | 546 | 530 | 501 | 482 | 3,057 | 5½-6½ |
| 2003 | | | | | 660[a] | 653 | 639 | 623 | 628 | 609 | 3,789 | 4½-5½ |
| 2004 | | | | | | 750[a] | 742 | 724 | 685 | 663 | 4,332 | 3½-4½ |
| 2005 | | | | | | | 850[a] | 841 | 821 | 799 | 4,955 | 2½-3½ |
| 2006 | | | | | | | | 960[a] | 949 | 926 | 5,719 | 1½-2½ |
| 2007 | | | | | | | | | 1,080[a] | 1,069 | 6,579 | ½-1½ |
| 2008 | | | | | | | | | | 1,220[a] | 7,490 | 0-½ |
| Total | 1,975 | 2,382 | 2,824 | 3,318 | 3,872 | 4,494 | 5,247 | 6,017 | 6,852 | 7,799 | 44,780 | |

[a] Additions during the year.

following year. Thus the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2003 are calculated in the following manner:

| | | |
|---|---|---|
| Exposures at age 0 | = amount of addition | = $750,000 |
| Exposures at age ½ | = $750,000 - $ 8,000 | = $742,000 |
| Exposures at age 1½ | = $742,000 - $18,000 | = $724,000 |
| Exposures at age 2½ | = $724,000 - $20,000 - $19,000 | = $685,000 |
| Exposures at age 3½ | = $685,000 - $22,000 | = $663,000 |

For the entire experience band 1999-2008, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Table 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.

Original Life Table. The original life table, illustrated in Table 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Tables 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retire-

TABLE 4. ORIGINAL LIFE TABLE
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 1999-2008 Placement Band 1994-2008

(Exposure and Retirement Amounts are in Thousands of Dollars)

| Age at Beginning of Interval (1) | Exposures at Beginning of Age Interval (2) | Retirements During Age Interval (3) | Retirement Ratio (4) | Survivor Ratio (5) | Percent Surviving at Beginning of Age Interval (6) |
|---|---|---|---|---|---|
| 0.0 | 7,490 | 80 | 0.0107 | 0.9893 | 100.00 |
| 0.5 | 6,579 | 153 | 0.0233 | 0.9767 | 98.93 |
| 1.5 | 5,719 | 151 | 0.0264 | 0.9736 | 96.62 |
| 2.5 | 4,955 | 150 | 0.0303 | 0.9697 | 94.07 |
| 3.5 | 4,332 | 146 | 0.0337 | 0.9663 | 91.22 |
| 4.5 | 3,789 | 143 | 0.0377 | 0.9623 | 88.15 |
| 5.5 | 3,057 | 131 | 0.0429 | 0.9571 | 84.83 |
| 6.5 | 2,463 | 124 | 0.0503 | 0.9497 | 81.19 |
| 7.5 | 1,952 | 113 | 0.0579 | 0.9421 | 77.11 |
| 8.5 | 1,503 | 105 | 0.0699 | 0.9301 | 72.65 |
| 9.5 | 1,097 | 93 | 0.0848 | 0.9152 | 67.57 |
| 10.5 | 823 | 83 | 0.1009 | 0.8991 | 61.84 |
| 11.5 | 531 | 64 | 0.1205 | 0.8795 | 55.60 |
| 12.5 | 323 | 44 | 0.1362 | 0.8638 | 48.90 |
| 13.5 | 167 | 26 | 0.1557 | 0.8443 | 42.24 |
| | | | | | 35.66 |
| Total | 44,780 | 1,606 | | | |

Column 2 from Table 3, Column 12, Plant Exposed to Retirement.
Column 3 from Table 1, Column 12, Retirements for Each Year.
Column 4 = Column 3 divided by Column 2.
Column 5 = 1.0000 minus Column 4.
Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.

ment ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| Percent surviving at age 4½ | = | 88.15 | | | | |
| Exposures at age 4½ | = | 3,789,000 | | | | |
| Retirements from age 4½ to 5½ | = | 143,000 | | | | |
| Retirement Ratio | = | 143,000 | ÷ | 3,789,000 | = | 0.0377 |
| Survivor Ratio | = | 1.000 | - | 0.0377 | = | 0.9623 |
| Percent surviving at age 5½ | = | (88.15) | x | (0.9623) | = | 84.83 |

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Tables 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

The original survivor curve is plotted from the original life table (column 6, Table 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve

was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Table 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0. In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group, assuming no contrary relevant factors external to the analysis of historical data.

Field Trips

In order to be familiar with the operation of the Company and to observe representative portions of the plant, field trips were conducted. A general understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirements was obtained during this trip. This knowledge and information were incorporated in the interpretation and extrapolation of the statistical analyses.

The plant facilities visited on the most recent field trips in 2004 and 2009 are as follows:

July 14-26, 2009

Jasper Generating Station
Cope Generating Station
Wateree Generating Station
Uptown Substation
Edenwood Substation
Congaree Creek Substation

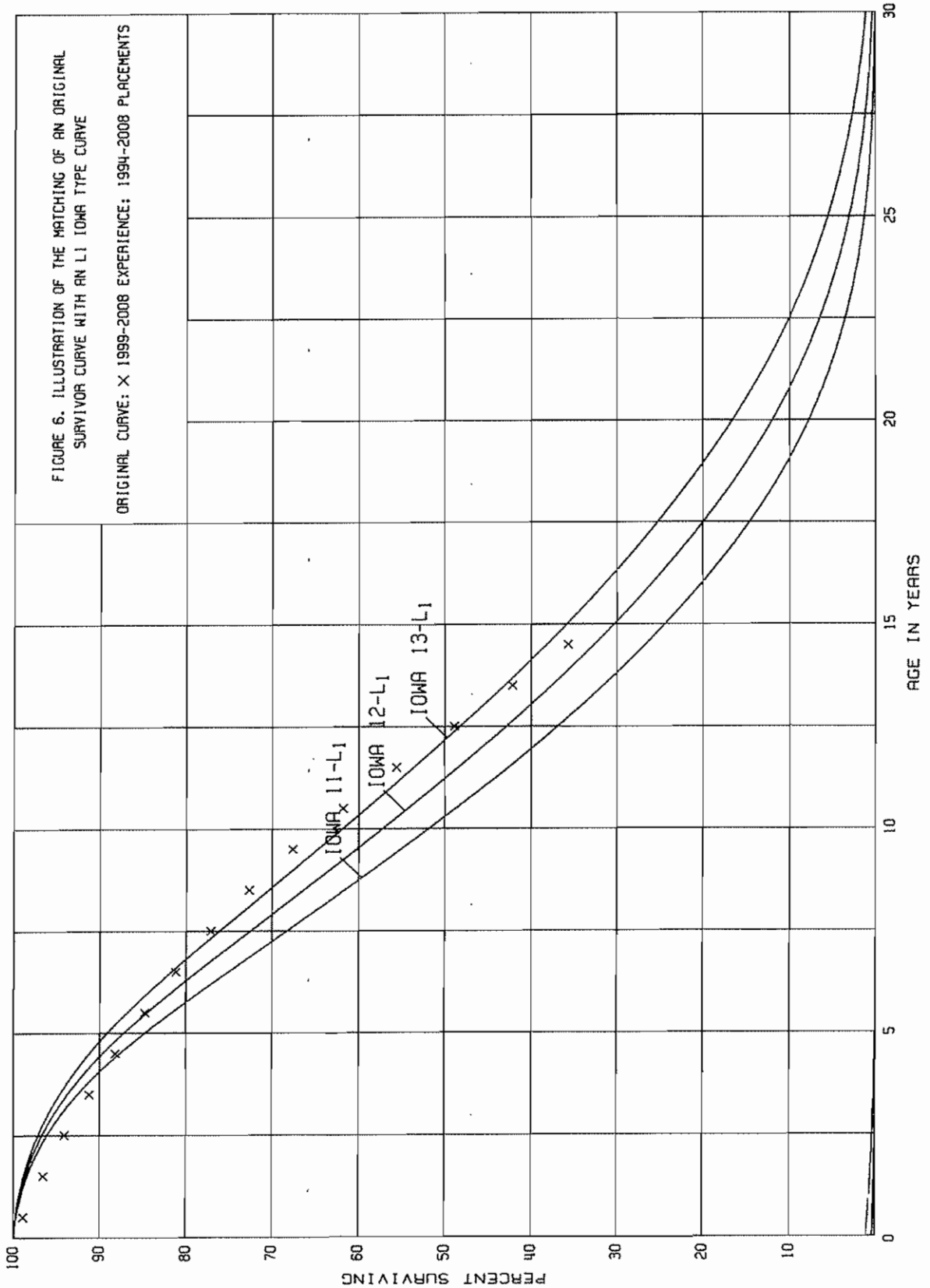
FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE
ORIGINAL CURVE: X 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-L1
IOWA 12-L1
IOWA 13-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

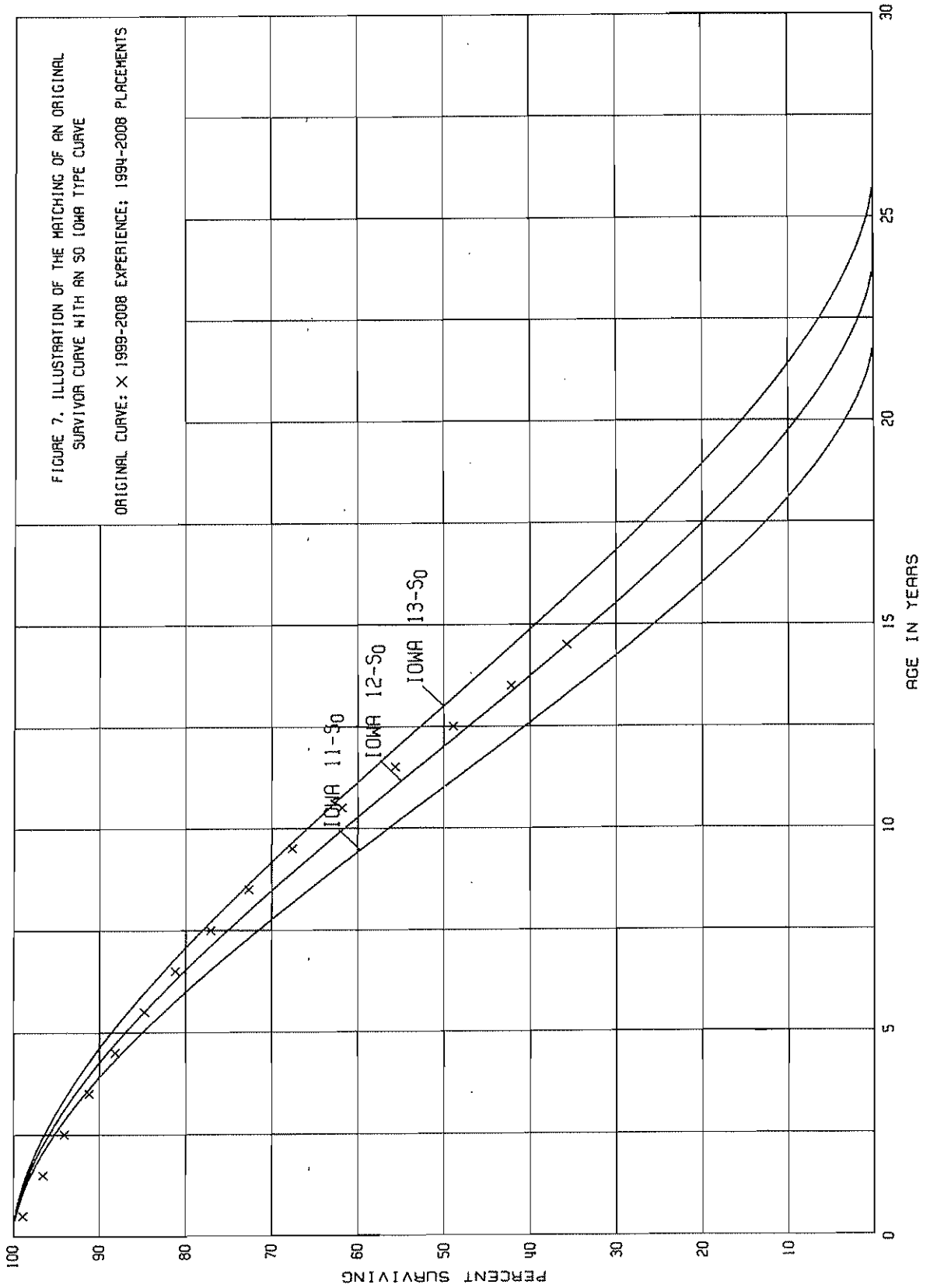
FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE
ORIGINAL CURVE: × 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-S0
IOWA 12-S0
IOWA 13-S0
PERCENT SURVIVING
100
90
80
70
60
50
40
30
20
10
0
AGE IN YEARS
0
5
10
15
20
25
30

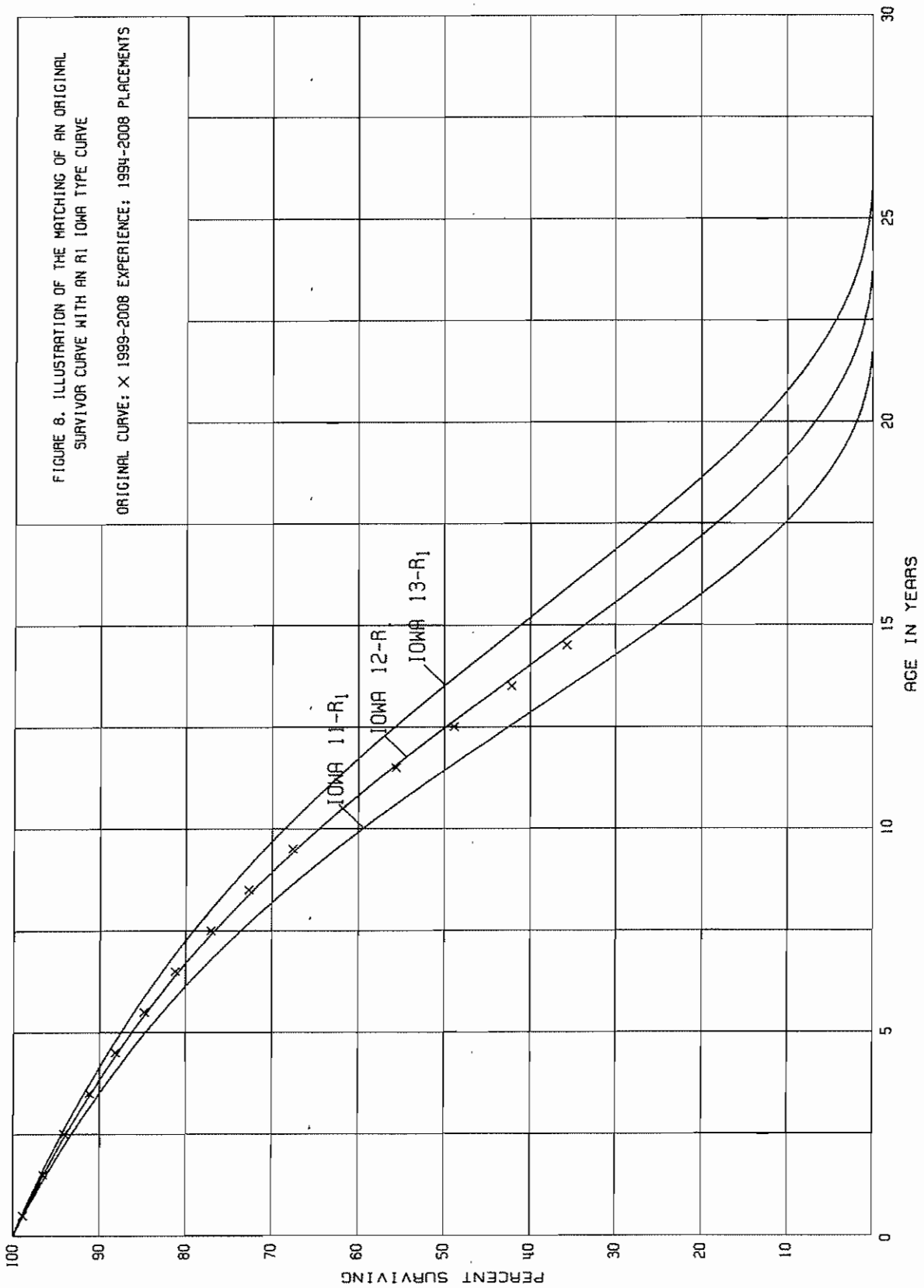
FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE
ORIGINAL CURVE: X 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 11-R1
IOWA 12-R1
IOWA 13-R1
PERCENT SURVIVING
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30
AGE IN YEARS

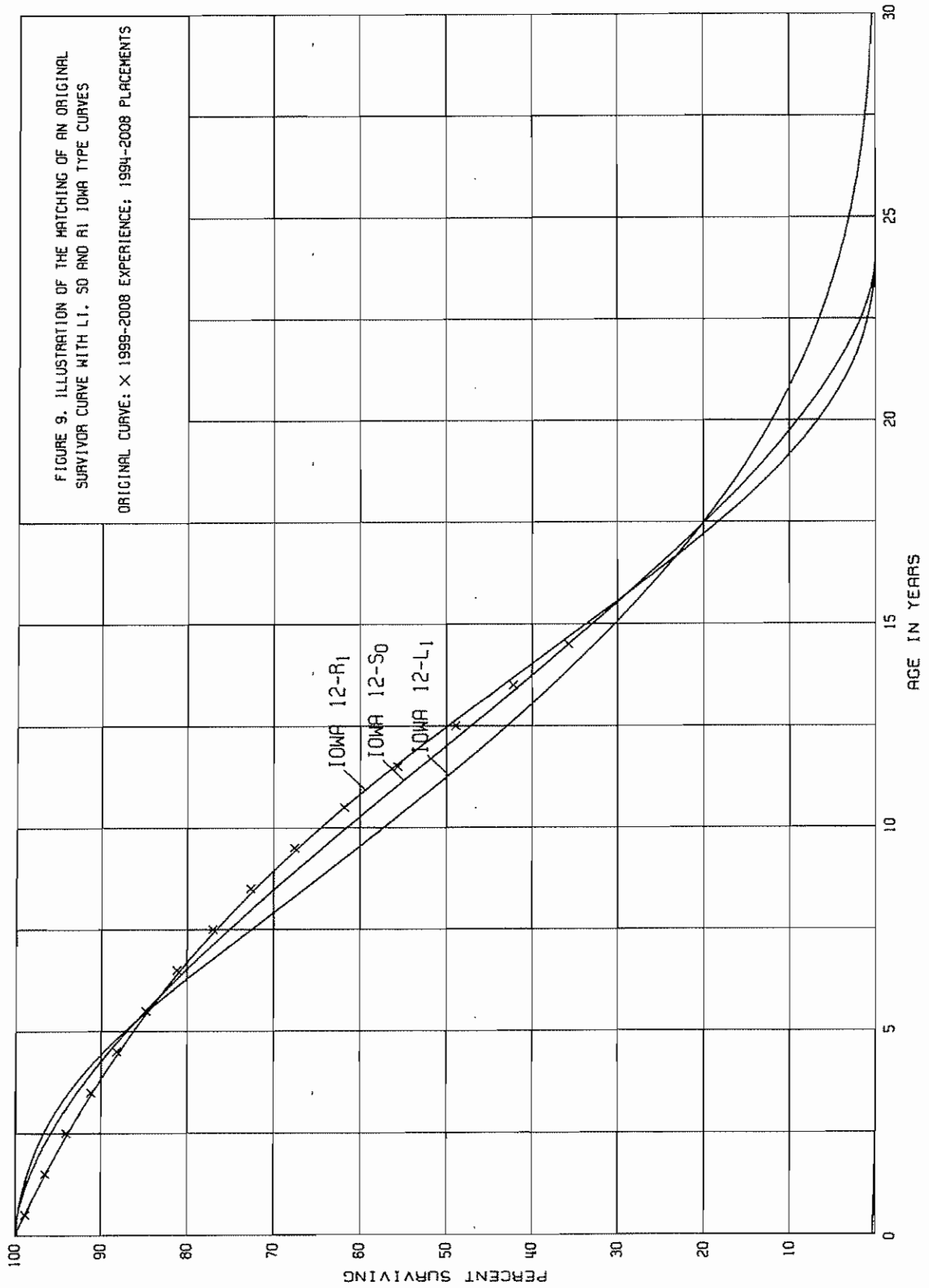
FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH LI, SO AND RI IOWA TYPE CURVES
ORIGINAL CURVE: X 1999-2008 EXPERIENCE; 1994-2008 PLACEMENTS
IOWA 12-R1
IOWA 12-S0
IOWA 12-L1
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30

March 30-31, 2004
Cope Generating Station
Williams Generating Station
Hagood CT Turbine Station
Coit Gas Turbine Station
Wateree Generating Station
McMeekin Generating Station
Central Lab
Saluda Hydro Plant

Service Life Considerations

The service life estimates were based on judgment which considered a number of factors. The primary factors were the statistical analyses of data; current Company policies and outlook as determined during conversations with management; and the survivor curve estimates from previous studies of this company and other electric utility companies.

For 26 of the plant accounts and subaccounts for which survivor curves were estimated, the statistical analyses using the retirement rate method resulted in good to excellent indications of the survivor patterns experienced. These accounts represent 67 percent of depreciable plant. Generally, the information external to the statistics led to no significant departure from the indicated survivor curves for the accounts listed below.

STEAM PRODUCTION PLANT
311.00 Structures and Improvements
312.00 Boiler Plant Equipment
314.00 Turbogenerator Units
315.00 Accessory Electric Equipment
316.00 Miscellaneous Plant Equipment

NUCLEAR PRODUCTION PLANT
325.00 Miscellaneous Power Plant Equipment

HYDRAULIC PRODUCTION PLANT
331.00 Structures and Improvements
334.00 Accessory Electric Equipment
335.00 Miscellaneous Power Plant Equipment

OTHER PRODUCTION PLANT

| | |
|---|---|
| 341.00 | Structures and Improvements |
| 342.00 | Fuel Holders, Producers & Accessories |
| 345.00 | Accessory Electric Equipment |

TRANSMISSION PLANT

| | |
|---|---|
| 352.00 | Structures and Improvements |
| 353.00 | Station Equipment |
| 355.00 | Poles and Fixtures |
| 356.00 | Overhead Conductors and Devices |

DISTRIBUTION PLANT

| | |
|---|---|
| 361.00 | Structures and Improvements |
| 362.00 | Station Equipment |
| 364.00 | Poles, Towers and Fixtures |
| 365.00 | Overhead Conductors and Devices |
| 366.00 | Underground Conduit |
| 367.00 | Underground Conductors and Devices |
| 368.00 | Line Transformers |
| 369.00 | Services - Overhead |
| 370.00 | Meters |
| 373.00 | Street Lighting and Signal Systems |

Account 368.00, Line Transformers, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Aged plant accounting data for line transformers have been compiled for the years 1937 through 2008. These data have been coded in the course of the Company's normal record keeping according to account or property group, type of transaction, year in which the transaction took place, and year in which the electric plant was placed in service. The retirements, other plant transactions, and plant additions were analyzed by the retirement rate method.

The survivor curve estimate is based on the statistical indications for the periods 1937 through 2008 and 1989 through 2008. The Iowa 44-R2 is a reasonable fit of the original survivor curve. The 44-year service life is within the typical service life range of 25 to 50 years for line transformers. The 44-year life reflects the Company's plans to continue current practices of replacement for newer technology or high load needs.

For Production Plant, which consists of large generating units, the life span technique was employed in conjunction with the use of interim survivor curves which reflect interim retirements that occur prior to the ultimate retirement of the major unit. An interim survivor curve was estimated for each plant account, inasmuch as the rate of interim retirements differ from account to account. The interim survivor curves estimated for steam, nuclear, hydraulic, and other production plant were based on the retirement rate method of life analysis which incorporated experienced aged retirements through the period 2008.

The life span estimates for power generating stations were the result of considering experienced life spans of similar generating units, the age of surviving units, general operating characteristics of the units, major refurbishing and discussions with management personnel concerning the probable long-term outlook for the units.

The life span estimate for the steam units is 35 to 71 years. The majority of the steam facilities life spans are more than 60 years which is the upper end of the typical range of life spans for such units. The 60-year lifespan for the nuclear facilities include the relicense agreement through 2042. The 96 to 128-year lifespan for the hydraulic production facilities is at the upper end of the typical range. The life span of each facility is determined by condition and Company plans. Life spans of 25 and 68 years were estimated for the combustion turbines. These life span estimates are typical for combustion turbines which are used primarily as peaking units.

A summary of the year in service, life span and probable retirement year for each power production unit follows:

| Depreciable Group | Major Year in Service | Probable Retirement Year | Life Span |
|---|---|---|---|
| Steam Production Plant | | | |
| Canadys | 1962 | 2025 | 63 |
| McMeekin and Central Lab | 1958 | 2028 | 70 |
| Cope | 1996 | 2036 | 40 |
| Urquhart 3 | 1954 | 2025 | 71 |
| Wateree | 1970 | 2035 | 65 |
| Jasper | 2004 | 2039 | 35 |
| Nuclear Production Plant | | | |
| V.C. Summer | 1982 | 2042 | 60 |
| Hydraulic Production Plant | | | |
| Fairfield | 1978 | 2078 | 100 |
| Neal Shoals | 1905 | 2025 | 120 |
| Parr | 1914 | 2025 | 109 |
| Saluda | 1932 | 2060 | 128 |
| Stevens Creek | 1929 | 2025 | 96 |
| Other Production Plant | | | |
| Coit | 1969 | 2018 | 49 |
| Hagood Unit 4 | 1991 | 2025 | 34 |
| Hardeeville | 1968 | 2018 | 50 |
| Parr | 1970 | 2022 | 52 |
| Urquhart 1 and 2 | 1969 | 2037 | 68 |
| Urquhart 3 | 1969 | 2020 | 51 |
| Urquhart 4 | 1999 | 2025 | 26 |
| Urquhart 5 and 6 | 2002 | 2037 | 35 |
| Williams - Bushy Park | 1997 | 2022 | 25 |
| Jasper | 2004 | 2039 | 35 |

The survivor curve estimates for the remaining accounts were based on judgment incorporating the statistical analyses and previous studies for this and other electric utilities.

Salvage Analysis

The estimates of net salvage by account were based in part on historical data compiled through 2008. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The

most recent five-year average also was calculated for consideration. The net salvage estimates by account are expressed as a percent of the original cost of plant retired.

Net Salvage Considerations

The estimates of future net salvage are expressed as percentages of surviving plant in service, i.e., all future retirements. In cases in which removal costs are expected to exceed salvage receipts, a negative net salvage percentage is estimated. The net salvage estimates were based on judgment which incorporated analyses of historical cost of removal and salvage data, expectations with respect to future removal requirements and markets for retired equipment and materials.

Statistical analyses of historical data for the period 1987 through 2008 for electric plant were analyzed. The analyses contributed significantly toward the net salvage estimates for 30 plant accounts, representing 86 percent of the depreciable plant, as follows:

Steam Production Plant
- 311.00 Structures and Improvements
- 312.00 Boiler Plant Equipment
- 314.00 Turbogenerator Units
- 315.00 Accessory Electric Equipment
- 316.00 Miscellaneous Power Plant Equipment

Nuclear Production Plant
- 321.00 Structures and Improvements
- 322.00 Reactor Plant Equipment
- 323.00 Turbogenerator Units
- 324.00 Accessory Electric Equipment
- 325.00 Miscellaneous Power Plant Equipment

Hydraulic Production Plant
- 335.00 Miscellaneous Power Plant Equipment

Other Production Plant
- 342.00 Fuel Holders, Producers & Accessories
- 343.00 Prime Movers
- 344.00 Generators
- 345.00 Accessory Electric Equipment
- 346.00 Miscellaneous Power Plant Equipment

Transmission Plant
- 352.00 Structures and Improvements
- 353.00 Station Equipment

Distribution Plant
- 362.00 Station Equipment
- 364.00 Poles, Towers and Fixtures
- 365.00 Overhead Conductors and Devices
- 366.00 Underground Conduit
- 367.00 Underground Conductors and Devices
- 368.00 Line Transformers
- 369.00 Services - Overhead
- 369.10 Services - Underground
- 370.00 Meters
- 373.00 Street Lighting and Signal Systems

General Plant
- 390.10 Structures and Improvements
- 390.20 Structures and Improvements - Warehouse

Account 364.00, Poles, Tower and Fixtures, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Net salvage data for the period 1987 through 2008 were analyzed for this account. The data include cost of removal, gross salvage and net salvage amounts and each of these amounts is expressed as a percent of the original cost of regular retirements. Three-year moving averages for the 1987-1989 through 2006-2008 periods were computed to smooth the annual amounts.

Cost of removal has fluctuated throughout the twenty-two year period. The primary cause of the fluctuations in cost of removal relates to the amount of poles removed by contractors as compared to Company personnel. The large projects have contractors assigned to remove. Cost of removal for the most recent five years averaged 35 percent.

Gross salvage has also varied widely throughout the period, but has diminished to negligible levels recently. The most recent five-year average of 5 percent gross salvage reflects recent trends toward much lower salvage value of distribution poles and towers.

The net salvage percent based on the overall period 1987 through 2008 is 23 percent negative net salvage and based on the most recent five-year period is 30 percent. The range of estimates made by other electric companies for Poles, Towers and Fixtures is negative 20 to negative 50 percent. The net salvage estimate for poles is negative 25 percent, is within the range of other estimates and reflects movement toward more negative net salvage than the last twenty-two years indicate.

The net salvage percents for the remaining accounts representing 14 percent of plant were based on judgment incorporating estimates of previous studies of this and other electric utilities.

CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\textit{Annual Accrual Rate, Percent} = \frac{(100\% - \textit{Net Salvage, Percent})}{\textit{Average Service Life}}.$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\textit{Ratio} = \left(1 - \frac{\textit{Average Remaining Life Expectancy}}{\textit{Average Service Life}}\right)(1 - \textit{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the description for ease of application.

Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a $1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \textit{ per year.}$$

The accrued depreciation is:

$$\$1,000 \ (1 - \frac{6}{10}) = \$400.$$

Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Remaining Life Annual Accruals. For the purpose of calculating remaining life accruals as of December 31, 2008, the depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation follow.

Average Service Life Procedure. In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated future survivor curve in accordance with the average service life procedure.

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which would not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as the basis for such accruals. The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and service life. The straight line accrued depreciation ratios are calculated as follows for the average service life procedure:

$$Ratio = 1 - \frac{Average\ Remaining\ Life}{Average\ Service\ Life}.$$

CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most

of their service, the amortization period and service lives used by other utilities and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for certain General and Common Plant accounts that represent numerous units of property, but a very small portion of depreciable electric plant in service. The accounts and their amortization periods are as follows:

| Account | | Amortization Period, Years |
|---|---|---|
| 391.10 | Office Furniture and Equipment - Furniture | 20 |
| 391.20 | Office Furniture and Equipment - EDP | 5 |
| 391.30 | Office Furniture and Equipment - Data Handling | 20 |
| 391.90 | Office Furniture and Equipment - Leasehold | 20 |
| 393 | Stores Equipment | 25 |
| 394 | Tools, Shop, Garage Equipment | 20 |
| 395 | Laboratory Equipment | 20 |
| 397 | Communication Equipment | 8 |
| 398 | Miscellaneous Equipment | 20 |
| 691.10 | Office Furniture and Equipment - Furniture | 20 |
| 691.20 | Office Furniture and Equipment - EDP | 5 |
| 691.30 | Office Furniture and Equipment - Data Handling Equip. | 20 |
| 693 | Stores Equipment | 25 |
| 694 | Tools, Shop, Garage Equipment | 20 |
| 695 | Laboratory Equipment | 20 |
| 697 | Communication Equipment | 8 |
| 698 | Miscellaneous Equipment | 20 |

The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the original cost by the period of amortization for the account.

III-1

# PART III. RESULTS OF STUDY

# PART III. RESULTS OF STUDY

## QUALIFICATION OF RESULTS

The calculated annual depreciation accrual rates are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the electric and common plant in service as of December 31, 2008. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2008, is reasonable for a period of three to five years.

## DESCRIPTION OF DEPRECIATION TABULATIONS

A summary of the results of the study, as applied to the original cost of electric and common plant as of December 31, 2008, is presented on pages III-3 through III-10 of this report. The schedule sets forth the original cost, the book depreciation reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to electric plant.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | **STEAM PRODUCTION PLANT** | | | | | | | | | |
| | CANADYS | | | | | | | | | |
| 311 00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 43,063,678.63 | 18,357,691 | 37,625,092 | 2,344,658 | 5.44 | 16.0 |
| 312 00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 141,985,004.82 | 64,341,157 | 113,140,099 | 7,811,710 | 5.50 | 14.5 |
| 314.00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 57,548,223.87 | 34,396,086 | 37,539,194 | 2,462,271 | 4.28 | 15 2 |
| 315 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 12,606,444.11 | 8,441,067 | 6,056,342 | 385,873 | 3.06 | 15 7 |
| 316 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 4,882,614.81 | 1,644,562 | 3,462,183 | 235,009 | 4.81 | 14.8 |
| | TOTAL CANADYS | | | | 260,085,966.24 | 127,180,563 | 197,842,910 | 13,239,521 | 5.09 | 14 9 |
| | CENTRAL LAB | | | | | | | | | |
| 311 00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 3,351,021.86 | 1,407,322 | 2,949,008 | 156,864 | 4.68 | 18.8 |
| 315.00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 58,757.43 | 39,525 | 28,046 | 1,536 | 2.61 | 18.3 |
| 316 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 1,770,442.40 | 241,939 | 1,617,027 | 93,435 | 5.28 | 17 3 |
| | TOTAL CENTRAL LAB | | | | 5,180,221.69 | 1,688,786 | 4,594,081 | 251,835 | 4.86 | 18.2 |
| | COPE | | | | | | | | | |
| 311.00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 62,469,270.21 | 24,229,744 | 56,980,308 | 2,182,287 | 3.49 | 26.1 |
| 312.00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 252,102,337.84 | 86,011,578 | 229,116,344 | 10,511,943 | 4.17 | 21.8 |
| 312.10 | BOILER PLANT EQUIPMENT - SCRUBBER | | | | 65,837,250.74 | | | | | |
| 314.00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 83,812,936.49 | 32,603,509 | 72,162,661 | 2,912,651 | 3.48 | 24.8 |
| 315.00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 23,768,898.94 | 8,578,242 | 18,755,992 | 718,205 | 3.02 | 26.1 |
| 316.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 7,760,106.35 | 2,287,316 | 5,881,796 | 257,659 | 3.31 | 22.8 |
| | TOTAL COPE | | | | 495,770,800.57 | 153,710,389 | 382,897,101 | 16,582,745 | 3.34 | 23.1 |
| | MCMEEKIN | | | | | | | | | |
| 311 00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 19,872,507.90 | 5,490,534 | 20,343,723 | 1,087,404 | 5.47 | 18.7 |
| 312 00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 108,480,264.89 | 49,467,513 | 86,132,822 | 5,193,492 | 4.79 | 16.6 |
| 314 00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 32,372,928.83 | 8,542,259 | 31,923,902 | 1,854,966 | 5.73 | 17 2 |
| 315 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 5,486,935.37 | 3,180,800 | 3,129,175 | 170,641 | 3 11 | 18 3 |
| 316 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 4,027,012.51 | 1,936,373 | 2,291,990 | 134,238 | 3.33 | 17 1 |
| | TOTAL MCMEEKIN | | | | 170,239,649.50 | 68,617,479 | 143,821,612 | 8,440,741 | 4.96 | 17 0 |
| | URQUHART 3 | | | | | | | | | |
| 311.00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 16,090,758.28 | 13,677,611 | 7,240,376 | 457,800 | 2.85 | 15.8 |
| 312.00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 24,648,416.24 | 8,206,592 | 22,603,930 | 1,649,151 | 6.69 | 13.7 |
| 314.00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 34,888,745.80 | 19,487,698 | 24,123,231 | 1,579,509 | 4.53 | 15.3 |
| 315 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 7,938,179.87 | 5,693,200 | 3,435,708 | 221,332 | 2.79 | 15.5 |
| 316.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 2,922,125.37 | 1,024,569 | 2,043,663 | 138,529 | 4.74 | 14.8 |
| | TOTAL URQUHART 3 | | | | 86,488,225.56 | 48,089,670 | 59,446,908 | 4,046,321 | 4.68 | 14.7 |
| | WATEREE | | | | | | | | | |
| 311.00 | STRUCTURES AND IMPROVEMENTS | 80-R1.5 | * | (30) | 47,530,412.50 | 22,739,151 | 39,050,384 | 1,551,771 | 3.26 | 25.2 |
| 312.00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 321,638,271.38 | 100,424,512 | 301,623,324 | 13,864,501 | 4.31 | 21 8 |
| 314 00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 137,814,449.97 | 38,213,954 | 134,054,106 | 5,482,678 | 3.98 | 24 5 |
| 315 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 12,491,915.09 | 10,017,771 | 4,347,931 | 195,772 | 1 57 | 22.2 |
| 316 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 4,478,386.15 | 1,544,796 | 3,157,509 | 144,229 | 3.22 | 21 9 |
| | TOTAL WATEREE | | | | 523,953,435.09 | 172,940,184 | 482,233,254 | 21,238,951 | 4.05 | 22 7 |
| | JASPER | | | | | | | | | |
| 312 00 | BOILER PLANT EQUIPMENT | 40-S0 | * | (25) | 284,960.37 | 27,767 | 328,433 | 12,608 | 4.42 | 26 0 |
| 314.00 | TURBOGENERATOR UNITS | 50-R2 | * | (25) | 99,405,786.31 | 9,912,701 | 114,344,532 | 4,055,882 | 4.08 | 28.2 |
| 315 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-R3 | * | (15) | 3,842,788.99 | 530,229 | 3,888,978 | 131,785 | 3.43 | 29.5 |
| 316 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 42-R0.5 | * | (5) | 70,429.58 | 4,296 | 69,656 | 2,719 | 3.86 | 25.6 |
| | TOTAL JASPER | | | | 103,603,965.25 | 10,474,993 | 118,631,599 | 4,202,994 | 4.06 | 28.2 |
| | **TOTAL STEAM PRODUCTION PLANT** | | | | **1,645,322,263.90** | **582,702,064** | **1,389,467,465** | **68,003,108** | **4.13** | **20.4** |

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | NUCLEAR PRODUCTION PLANT | | | | | | | | |
| 321 00 | STRUCTURES AND IMPROVEMENTS | 80-S0.5 * | (1) | 254,142,612.28 | 145,058,741 | 111,625,299 | 3,706,325 | 1.46 | 30.1 |
| 322 00 | REACTOR PLANT EQUIPMENT | 50-S1.5 * | (3) | 443,292,776.56 | 215,776,805 | 240,814,753 | 9,236,972 | 2.08 | 26.1 |
| 323 00 | TURBOGENERATOR UNITS | 50-S1 * | (5) | 90,839,027.70 | 39,785,176 | 55,595,801 | 2,098,775 | 2.31 | 26.5 |
| 324 00 | ACCESSORY ELECTRIC EQUIPMENT | 45-S2.5 * | 0 | 99,814,703.66 | 60,926,659 | 38,888,045 | 1,766,747 | 1 77 | 22.0 |
| 325 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-L1.5 * | (2) | 93,852,313.53 | 31,666,237 | 64,063,123 | 3,046,321 | 3.25 | 21 0 |
| | TOTAL NUCLEAR PRODUCTION PLANT | | | 981,941,433.73 | 493,213,618 | 510,987,021 | 19,855,140 | 2.02 | 25.7 |
| | HYDRAULIC PRODUCTION PLANT | | | | | | | | |
| | FAIRFIELD | | | | | | | | |
| 331.00 | STRUCTURES AND IMPROVEMENTS | 100-R2 * | (5) | 35,496,888.01 | 14,685,667 | 22,586,069 | 368,450 | 1 09 | 58.1 |
| 332.00 | RESERVOIRS, DAMS & WATERWAYS | 125-R2.5 * | (5) | 76,147,181.22 | 31,486,335 | 48,468,206 | 761,031 | 1.00 | 63.7 |
| 333.00 | WATER WHEELS, TURBINES & GENERATORS | 80-R2 * | (10) | 67,472,724.26 | 12,475,421 | 61,744,577 | 1,138,682 | 1.69 | 54.2 |
| 334.00 | ACCESSORY ELECTRIC EQUIPMENT | 55-O1 * | (5) | 6,876,464.86 | 1,557,651 | 5,662,635 | 135,939 | 1.98 | 41.7 |
| 335.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 60-R1 * | (5) | 5,272,346.01 | 1,306,487 | 4,229,476 | 97,614 | 1.85 | 43.3 |
| 336.00 | ROADS, RAIL ROADS & BRIDGES | 60-R4 * | 0 | 1,328,336.30 | 616,165 | 712,172 | 23,472 | 1.77 | 30.3 |
| | TOTAL FAIRFIELD | | | 192,593,940.66 | 62,127,726 | 143,403,135 | 2,545,188 | 1.32 | 56.3 |
| | NEAL SHOALS | | | | | | | | |
| 331.00 | STRUCTURES AND IMPROVEMENTS | 100-R2 * | (5) | 689,547.95 | 360,789 | 363,238 | 22,418 | 3.25 | 16.2 |
| 332.00 | RESERVOIRS, DAMS & WATERWAYS | 125-R2.5 * | (5) | 1,352,834.52 | 1,179,156 | 241,320 | 14,721 | 1.09 | 16.4 |
| 333 00 | WATER WHEELS, TURBINES & GENERATORS | 80-R2 * | (10) | 3,046,058.20 | 1,094,627 | 2,256,038 | 140,814 | 4.62 | 16.0 |
| 334 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-O1 * | (5) | 329,308.89 | 125,885 | 219,890 | 16,082 | 4.88 | 13.7 |
| 335 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 60-R1 * | (5) | 205,429.92 | 80,093 | 135,610 | 8,830 | 4.30 | 15.4 |
| 336 00 | ROADS, RAIL ROADS & BRIDGES | 60-R4 * | 0 | 2,645.06 | 1,688 | 957 | 59 | 2.23 | 16.2 |
| | TOTAL NEAL SHOALS | | | 5,625,824.54 | 2,842,238 | 3,217,053 | 202,924 | 3.61 | 15.9 |
| | PARR | | | | | | | | |
| 331.00 | STRUCTURES AND IMPROVEMENTS | 100-R2 * | (5) | 873,306.06 | 35,290 | 881,682 | 55,243 | 6.33 | 16.0 |
| 332.00 | RESERVOIRS, DAMS & WATERWAYS | 125-R2.5 * | (5) | 3,480,402.16 | 1,849,315 | 1,805,108 | 110,290 | 3.17 | 16.4 |
| 333.00 | WATER WHEELS, TURBINES & GENERATORS | 80-R2 * | (10) | 930,286.80 | 642,229 | 381,087 | 24,723 | 2.66 | 15.4 |
| 334.00 | ACCESSORY ELECTRIC EQUIPMENT | 55-O1 * | (5) | 1,144,772.29 | 509,623 | 692,387 | 46,669 | 4.08 | 14.8 |
| 335.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 60-R1 * | (5) | 107,631.38 | 45,768 | 67,245 | 4,395 | 4.08 | 15.3 |
| 336.00 | ROADS, RAIL ROADS & BRIDGES | 60-R4 * | 0 | 104,502.68 | 61,239 | 43,264 | 2,627 | 2.51 | 16.5 |
| | TOTAL PARR | | | 6,640,901.37 | 3,143,464 | 3,870,773 | 243,947 | 3.67 | 15.9 |
| | SALUDA | | | | | | | | |
| 331 00 | STRUCTURES AND IMPROVEMENTS | 100-R2 * | (5) | 6,948,937.77 | 2,012,234 | 5,284,152 | 112,212 | 1.61 | 47.1 |
| 332.00 | RESERVOIRS, DAMS & WATERWAYS | 125-R2.5 * | (5) | 21,578,879.12 | 13,081,985 | 9,575,839 | 203,382 | 0.94 | 47.1 |
| 332.50 | RESERVOIRS, DAMS & WATERWAYS - SALUDA BACKUP DAM | 125-R2.5 * | 0 | 324,561,892.83 | 254,543,207 | 70,018,685 | 1,392,846 | 0.43 | 50.3 |
| 333 00 | WATER WHEELS, TURBINES & GENERATORS | 80-R2 * | (10) | 9,543,930.02 | 4,529,647 | 5,968,674 | 143,364 | 1 50 | 41 6 |
| 334 00 | ACCESSORY ELECTRIC EQUIPMENT | 55-O1 * | (5) | 1,420,630.13 | 588,052 | 903,610 | 24,553 | 1 73 | 36.8 |
| 335 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 60-R1 * | (5) | 1,010,807.08 | 249,240 | 812,103 | 19,744 | 1 95 | 41.1 |
| 336 00 | ROADS RAIL ROADS & BRIDGES | 60-R4 * | 0 | 233,526.53 | 125,095 | 108,431 | 2,839 | 1.22 | 38 2 |
| | TOTAL SALUDA | | | 365,298,603.48 | 275,129,460 | 92,671,494 | 1,898,940 | 0 52 | 48.8 |
| | STEVENS CREEK | | | | | | | | |
| 331.00 | STRUCTURES AND IMPROVEMENTS | 100-R2 * | (5) | 2,701,074.58 | 1,074,957 | 1,761,174 | 108,504 | 4.02 | 16 2 |
| 332.00 | RESERVOIRS, DAMS & WATERWAYS | 125-R2.5 * | (5) | 6,430,155.21 | 2,347,675 | 4,403,986 | 269,137 | 4.19 | 16.4 |
| 333.00 | WATER WHEELS, TURBINES & GENERATORS | 80-R2 * | (10) | 2,203,044.17 | 890,887 | 1,532,463 | 98,734 | 4.48 | 15.5 |
| 334.00 | ACCESSORY ELECTRIC EQUIPMENT | 55-O1 * | (5) | 1,477,004.40 | 659,700 | 891,155 | 59,238 | 4.01 | 15.0 |
| 335.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 60-R1 * | (5) | 896,694.28 | 301,498 | 640,030 | 41,293 | 4.61 | 15.5 |
| 336.00 | ROADS, RAIL ROADS & BRIDGES | 60-R4 * | 0 | 128,811.88 | 10,578 | 118,234 | 7,174 | 5.57 | 16.5 |
| | TOTAL STEVENS CREEK | | | 13,836,784.52 | 5,285,295 | 9,347,042 | 584,080 | 4.22 | 16.0 |
| | TOTAL HYDRAULIC PRODUCTION PLANT | | | 583,996,054.57 | 348,528,183 | 252,509,497 | 5,475,079 | 0.94 | 46.1 |

III-4

Exhibit A
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SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | OTHER PRODUCTION PLANT | | | | | | | | |
| | COIT | | | | | | | | |
| 341 00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 174,938.05 | 88,160 | 86,777 | 9,463 | 5 41 | 9 2 |
| 342 00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 477,349.31 | 489,172 | 59,780 | 7,245 | 1 52 | 8.3 |
| 343 00 | PRIME MOVERS | 25-S2.5 * | (5) | 916,829.27 | 684,464 | 278,206 | 32,529 | 3.55 | 8.6 |
| 344 00 | GENERATORS | 60-S2 * | (5) | 3,521,441.84 | 3,528,065 | 169,449 | 18,886 | 0.54 | 9 0 |
| 345 00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1 5 * | (10) | 717,755.44 | 95,199 | 694,333 | 74,007 | 10 31 | 9 4 |
| 346 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 159,752.20 | 67,170 | 92,582 | 9,983 | 6.25 | 9 3 |
| | TOTAL COIT | | | 5,968,066.11 | 4,952,230 | 1,381,127 | 152,113 | 2.55 | 9.1 |
| | HAGOOD | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 3,354,638.34 | 2,023,066 | 1,331,574 | 93,141 | 2.78 | 14.3 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 807,728.67 | 601,786 | 327,102 | 27,370 | 3.39 | 12.0 |
| 343.00 | PRIME MOVERS | 25-S2.5 * | (5) | 23,759,732.00 | 16,075,122 | 8,872,596 | 976,614 | 4.11 | 9.1 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 6,029,195.70 | 3,874,861 | 2,455,795 | 153,387 | 2.54 | 16.0 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 2,143,587.88 | 1,389,777 | 968,170 | 66,715 | 3 11 | 14 5 |
| 346 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 259,356.51 | (37,899) | 297,257 | 18,940 | 7.30 | 15.7 |
| | TOTAL HAGOOD | | | 36,354,239.10 | 23,926,713 | 14,252,496 | 1,336,167 | 3.68 | 10.7 |
| | HARDEEVILLE | | | | | | | | |
| 341 00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 57,556.13 | 49,147 | 8,410 | 909 | 1 58 | 9.3 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 534,349.66 | 99,218 | 515,284 | 56,940 | 10.66 | 9.0 |
| 343 00 | PRIME MOVERS | 25-S2.5 * | (5) | 798,792.01 | 280,259 | 558,473 | 62,201 | 7.79 | 9.0 |
| 344 00 | GENERATORS | 60-S2 * | (5) | 1,118,973.80 | 1,016,637 | 158,285 | 18,194 | 1.63 | 8.7 |
| 345 00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 129,105.36 | 114,449 | 27,566 | 3,226 | 2.50 | 8.5 |
| 346.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 3,521.67 | 3,419 | 103 | 12 | 0.34 | 8.6 |
| | TOTAL HARDEEVILLE | | | 2,642,298.63 | 1,563,129 | 1,268,121 | 141,482 | 5.35 | 9.0 |
| | PARR | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 838,767.07 | 221,617 | 617,151 | 48,753 | 5.81 | 12.7 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 596,501.62 | 548,869 | 137,108 | 16,500 | 2.77 | 8.3 |
| 343.00 | PRIME MOVERS | 25-S2.5 * | (5) | 1,948,048.81 | 463,444 | 1,582,008 | 146,731 | 7.53 | 10.8 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 3,097,263.78 | 2,779,285 | 472,844 | 37,245 | 1.20 | 12.7 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 1,083,418.68 | 169,546 | 1,022,214 | 77,372 | 7.14 | 13.2 |
| 346.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 128,716.80 | 62,694 | 66,023 | 5,468 | 4.25 | 12.1 |
| | TOTAL PARR | | | 7,692,716.76 | 4,245,455 | 3,897,348 | 332,069 | 4.32 | 11.7 |
| | URQUHART 1 AND 2 | | | | | | | | |
| 341 00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 489,396.76 | 26,037 | 463,359 | 18,615 | 3.80 | 24 9 |
| 342 00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 166,006.26 | 68,556 | 122,351 | 6,816 | 4.11 | 18 0 |
| 343 00 | PRIME MOVERS | 25-S2.5 * | (5) | 135,481.17 | 46,453 | 95,802 | 7,416 | 5.47 | 12.9 |
| 344 00 | GENERATORS | 60-S2 * | (5) | 2,901,135.63 | 2,195,032 | 851,160 | 40,742 | 1 40 | 20.9 |
| 345 00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 91,214.82 | 29,902 | 70,434 | 3,356 | 3.68 | 21 0 |
| 346 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 30,939.90 | 1,191 | 29,748 | 1,325 | 4.28 | 22 5 |
| | TOTAL URQUHART 1 AND 2 | | | 3,814,174.54 | 2,367,171 | 1,632,854 | 78,270 | 2.05 | 20 9 |
| | URQUHART 3 | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 10,069.76 | 4,734 | 5,336 | 490 | 4.87 | 10.9 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 7,717.92 | 1,051 | 7,825 | 690 | 8.94 | 11.3 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 1,385,102.13 | 1,413,480 | 40,877 | 3,847 | 0.28 | 10.6 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 9,893.31 | 5,162 | 5,721 | 508 | 5.13 | 11.3 |
| | TOTAL URQUHART 3 | | | 1,412,783.12 | 1,424,427 | 59,759 | 5,535 | 0.39 | 10.8 |

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | URQUHART 4 | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 316,053.48 | 207,429 | 108,625 | 7,174 | 2.27 | 15.1 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 914,543.07 | 835,510 | 216,214 | 14,865 | 1 63 | 14.5 |
| 343 00 | PRIME MOVERS | 25-S2.5 * | (5) | 246,291.43 | 74,503 | 184,103 | 12,565 | 5.10 | 14.7 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 20,816,322.14 | 8,507,772 | 13,349,366 | 816,397 | 3.92 | 16.4 |
| 345 00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 1,223,817.66 | 247,672 | 1,098,527 | 68,336 | 5.58 | 16.1 |
| 346.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 7,394.92 | 1,388 | 6,006 | 380 | 5.14 | 15.8 |
| | TOTAL URQUHART 4 | | | 23,524,422.70 | 9,874,274 | 14,962,841 | 919,717 | 3.91 | 16.3 |
| | URQUHART 5 AND 6 | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 4,466,762.94 | 1,182,975 | 3,283,788 | 136,727 | 3.06 | 24.0 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 3,606,959.88 | 1,275,293 | 2,872,711 | 132,079 | 3.66 | 21 7 |
| 343.00 | PRIME MOVERS | 25-S2.5 * | (5) | 229,141,942.95 | 67,955,545 | 172,643,495 | 9,371,374 | 4.09 | 18 4 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 13,461,422.95 | 1,256,360 | 12,878,134 | 463,210 | 3.44 | 27 8 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 15,361,463.12 | 4,505,309 | 12,392,300 | 495,296 | 3.22 | 25.0 |
| 346 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 48,419.85 | 5,149 | 43,271 | 1,751 | 3.62 | 24 7 |
| | TOTAL URQUHART 5 AND 6 | | | 266,086,971.69 | 76,180,631 | 204,113,699 | 10,600,437 | 3 98 | 19 3 |
| | WILLIAMS - BUSHY PARK | | | | | | | | |
| 341 00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 568,256.55 | (114,924) | 683,180 | 52,827 | 9.30 | 12.9 |
| 342 00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 159,083.07 | 89,880 | 93,066 | 7,424 | 4.67 | 12.5 |
| 343 00 | PRIME MOVERS | 25-S2.5 * | (5) | 6,347,003.04 | 3,317,656 | 3,346,696 | 289,034 | 4.55 | 11 6 |
| 344 00 | GENERATORS | 60-S2 * | (5) | 76,680.22 | 46,621 | 33,893 | 2,522 | 3.29 | 13.4 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 241,816.72 | 55,298 | 210,700 | 16,027 | 6.63 | 13 1 |
| 346 00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 100,021.36 | (2,710) | 102,731 | 7,804 | 7.80 | 13.2 |
| | TOTAL WILLIAMS - BUSHY PARK | | | 7,492,860.96 | 3,391,821 | 4,470,266 | 375,638 | 5.01 | 11 9 |
| | JASPER | | | | | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 * | 0 | 26,422,849.34 | 2,128,800 | 24,294,049 | 941,727 | 3.56 | 25.8 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 * | (15) | 5,976.38 | 154 | 6,719 | 262 | 4.38 | 25.6 |
| 343.00 | PRIME MOVERS | 25-S2.5 * | (5) | 299,690,198.24 | 69,810,206 | 244,864,502 | 12,063,573 | 4.03 | 20.3 |
| 344.00 | GENERATORS | 60-S2 * | (5) | 32,913,003.65 | 3,301,027 | 31,257,627 | 1,048,914 | 3.19 | 29.8 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 * | (10) | 26,004,027.10 | 4,162,080 | 24,442,349 | 906,592 | 3.49 | 27.0 |
| 346.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 * | 0 | 227,706.44 | (109,899) | 337,605 | 12,681 | 5.57 | 26.6 |
| | TOTAL JASPER | | | 385,263,761.15 | 79,292,368 | 325,202,851 | 14,973,749 | 3.89 | 21.7 |
| | **TOTAL OTHER PRODUCTION PLANT** | | | **740,252,294.76** | **207,218,219** | **571,241,362** | **28,915,177** | **3.91** | **19.8** |
| | **TRANSMISSION PLANT** | | | | | | | | |
| 352 00 | STRUCTURES AND IMPROVEMENTS | | | | | | | | |
| | V C SUMMER - NUCLEAR | 65-R2.5 * | (5) | 605,051.07 | 394,824 | 240,480 | 8,113 | 1.34 | 29 6 |
| | OTHER LOCATIONS | 65-R2.5 * | (5) | 4,172,618.58 | 615,144 | 3,766,102 | 66,958 | 1.60 | 56.2 |
| | TOTAL STRUCTURES AND IMPROVEMENTS | | | 4,777,669.65 | 1,009,968 | 4,006,582 | 75,071 | 1.57 | 53.4 |
| 353 00 | STATION EQUIPMENT | | | | | | | | |
| | V.C SUMMER - NUCLEAR | 60-S0.5 * | (20) | 6,409,402.22 | 4,211,272 | 3,480,011 | 128,226 | 2.00 | 27.1 |
| | PARR - HYDRO | 60-S0.5 * | (20) | 375,936.02 | 143,497 | 307,627 | 11,588 | 3.08 | 26.5 |
| | FAIRFIELD PUMPED STORAGE | 60-S0.5 * | (20) | 1,701,140.33 | 1,039,581 | 1,001,787 | 20,295 | 1.19 | 49.4 |
| | SALUDA - HYDRO | 60-S0.5 * | (20) | 7,657,196.70 | 2,830,682 | 6,357,954 | 186,040 | 2.46 | 33.8 |
| | STEVENS CREEK - HYDRO | 60-S0.5 * | (20) | 3,752,032.78 | 927,258 | 3,575,181 | 158,390 | 4.22 | 22.6 |
| | NEAL SHOALS - HYDRO | 60-S0.5 * | (20) | 26,922.21 | 26,922 | 5,385 | 273 | 1 01 | 19.7 |
| | OTHER LOCATIONS | 60-S0.5 | (20) | 232,416,914.88 | 72,928,515 | 205,971,781 | 4,221,220 | 1.82 | 48.8 |
| | TOTAL STATION EQUIPMENT | | | 252,339,545.14 | 82,107,727 | 220,699,726 | 4,728,032 | 1.87 | 46 7 |

SOUTH CAROLINA ELECTRIC & GAS COMPANY
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ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| 353.10 | STATION EQUIPMENT - STEP UP TRANSFORMERS | | | | | | | | |
| | V.C SUMMER - NUCLEAR | 60-R3 * | (20) | 6,360,413.02 | 4,246,072 | 3,386,424 | 117,056 | 1 84 | 28.9 |
| | PARR - HYDRO | 60-R3 * | (20) | 247,022.59 | 133,359 | 163,068 | 6,424 | 2.60 | 25.4 |
| | FAIRFIELD PUMPED STORAGE | 60-R3 * | (20) | 3,503,525.07 | 2,067,482 | 2,136,748 | 56,708 | 1.62 | 37.7 |
| | SALUDA - HYDRO | 60-R3 * | (20) | 595,189.21 | 403,491 | 310,735 | 12,555 | 2.11 | 24.7 |
| | WATEREE - STEAM | 60-R3 * | (20) | 2,268,699.76 | 796,298 | 1,926,143 | 69,036 | 3.04 | 27 9 |
| | MCMEEKIN - STEAM | 60-R3 * | (20) | 818,644.42 | 538,454 | 443,919 | 23,555 | 2.88 | 18.8 |
| | URQUHART - STEAM | 60-R3 * | (20) | 1,365,809.34 | 1,084,268 | 554,703 | 38,837 | 2.84 | 14.3 |
| | CANADYS - STEAM | 60-R3 * | (20) | 930,901.46 | 828,822 | 288,260 | 27,193 | 2.92 | 10.6 |
| | WILLIAMS - STEAM | 60-R3 * | (20) | 1,808,848.68 | 541,853 | 1,628,765 | 50,191 | 2.77 | 32.5 |
| | COPE - STEAM | 60-R3 * | (20) | 6,020,025.00 | 1,693,998 | 5,530,032 | 127,921 | 2.12 | 43.2 |
| | WILLIAMS GT | 60-R3 * | (20) | 150,417.37 | 123,262 | 57,239 | 3,844 | 2.56 | 14 9 |
| | BURTON GT | 60-R3 * | (20) | 87,054.40 | 87,655 | 16,811 | 4,953 | 5.69 | 3.4 |
| | HARDEEVILLE GT | 60-R3 * | (20) | 47,492.16 | 40,558 | 16,433 | 695 | 1.46 | 23.6 |
| | COIT GT | 60-R3 * | (20) | 118,154.04 | 108,270 | 33,515 | 4,681 | 3.96 | 7 2 |
| | URQUHART GT | 60-R3 * | (20) | 124,338.10 | 72,911 | 76,294 | 12,143 | 9.77 | 6.3 |
| | HAGOOD GT | 60-R3 * | (20) | 1,821,482.80 | 1,166,818 | 1,016,961 | 27,854 | 1 53 | 36 5 |
| | STEVENS CREEK - HYDRO | 60-R3 * | (20) | 403,651.76 | 197,395 | 286,987 | 7,710 | 1 91 | 37.2 |
| | JASPER | 60-R3 * | (20) | 19,100,579.87 | 2 334,226 | 20,586,470 | 420,561 | 2.20 | 49.0 |
| | TOTAL STATION EQUIPMENT - STEP UP TRANSFORMERS | | | 45,772,249.05 | 16,467,192 | 36,459,507 | 1,011,917 | 2.21 | 38 0 |
| 353 80 | STATION EQUIPMENT - LEASEHOLD | 20-SQ | 0 | 476,945.84 | 67,314 | 409,633 | 34,026 | 7.13 | 12.0 |
| 354 00 | TOWERS AND FIXTURES | 65-R4 | (25) | 5,489,679.03 | 4,365,671 | 2,496,429 | 76,949 | 1 40 | 32.4 |
| 355.00 | POLES AND FIXTURES | 53-R2.5 | (75) | 200,467,665.15 | 67,651,951 | 283,166,460 | 7,058,627 | 3.52 | 40 1 |
| 355 80 | POLES AND FIXTURES - LEASEHOLD | 20-SQ | 0 | 157,430.92 | 62,318 | 95,113 | 9,088 | 5.77 | 10.5 |
| 356.10 | OVERHEAD CONDUCTORS AND DEVICES - OVERHEAD | 60-S2 | (35) | 151,140,351.39 | 53,242,039 | 150,797,436 | 3,372,439 | 2.23 | 44.7 |
| 356.20 | OVERHEAD CONDUCTORS AND DEVICES - FIBER OPTIC | 60-S2 | (35) | 2,751,689.27 | 622,155 | 3,092,626 | 61,670 | 2.24 | 50.1 |
| 356.80 | OVERHEAD CONDUCTORS AND DEVICES - LEASEHOLD | 20-SQ | 0 | 1,089,444.31 | 544,193 | 545,251 | 53,455 | 4 91 | 10.2 |
| 357.00 | UNDERGROUND CONDUIT | 55-R4 | 0 | 8,934,430.71 | 1,403,340 | 7,531,090 | 159,788 | 1.79 | 47.1 |
| 358.00 | UNDERGROUND CONDUCTORS & DEVICES | 50-R3 | 0 | 17,103,241.67 | 3,899,692 | 13,203,549 | 322,583 | 1.89 | 40.9 |
| 359.00 | ROADS AND TRAILS | 55-S3 | 0 | 65,483.70 | 8,174 | 57,310 | 1,156 | 1.77 | 49.6 |
| | **TOTAL TRANSMISSION PLANT** | | | **690,565,825.83** | **231,451,734** | **724,560,712** | **16,964,801** | **2.46** | **42.7** |
| | **DISTRIBUTION PLANT** | | | | | | | | |
| 361 00 | STRUCTURES AND IMPROVEMENTS | 65-R2.5 | (5) | 3,926,387.23 | 567,271 | 3,555,437 | 65,444 | 1.67 | 54.3 |
| 361 80 | STRUCTURES AND IMPROVEMENTS - LEASEHOLD | 20-SQ | 0 | 66,541.62 | 27,259 | 39,283 | 3,741 | 5.62 | 10.5 |
| 362 00 | STATION EQUIPMENT | 60-S0.5 | (10) | 275,950,223.42 | 38,297,348 | 265,247,897 | 5,542,536 | 2.01 | 47.9 |
| 362 80 | STATION EQUIPMENT - LEASEHOLD | 20-SQ | 0 | 1,016,673.26 | 132,318 | 884,355 | 55,535 | 5 46 | 15.9 |
| 364 00 | POLES, TOWERS & FIXTURES | 44-R1.5 | (25) | 315,255,011.20 | 99,264,260 | 294,804,507 | 8,438,577 | 2.68 | 34.9 |
| 365.00 | OVERHEAD CONDUCTORS AND DEVICES | 55-R2 | (20) | 341,969,593.43 | 137,428,621 | 272,934,892 | 6,147,762 | 1.80 | 44.4 |
| 366.00 | UNDERGROUND CONDUIT | 43-R3 | (10) | 106,077,302.58 | 32,581,609 | 84,103,422 | 2,574,099 | 2.43 | 32.7 |
| 367 00 | UNDERGROUND CONDUCTORS & DEVICES | 45-S0.5 | (10) | 299,056,719.29 | 94,350,977 | 234,611,413 | 6,361,522 | 2.13 | 36.9 |
| 368.00 | LINE TRANSFORMERS | 44-R2 | (10) | 358,399,280.21 | 135,187,931 | 259,051,276 | 7,630,505 | 2.13 | 33.9 |
| 369.00 | SERVICES - OVERHEAD | 60-R3 | (70) | 88,595,012.91 | 46,949,893 | 103,661,629 | 2,375,433 | 2.68 | 43.6 |
| 369.10 | SERVICES - UNDERGROUND | 65-R3 | (30) | 131,393,682.14 | 43,155,389 | 127,656,399 | 2,339,539 | 1.78 | 54.6 |
| 370.00 | METERS | 44-R1 | (3) | 134,467,861.59 | 36,746,147 | 101,755,746 | 2,714,443 | 2.02 | 37.5 |
| 370.30 | METERS - AMR | 15-S2.5 | 0 | 12,537,326.68 | 621,217 | 11,916,110 | 959,470 | 7.65 | 12.4 |
| 373.00 | STREET LIGHTING & SIGNAL SYSTEMS | 33-S1 | (20) | 208,717,698.07 | 65 062,678 | 185,398,560 | 7,506,986 | 3.60 | 24.7 |
| | **TOTAL DISTRIBUTION PLANT** | | | **2,277,429,313.63** | **730,372,918** | **1,945,620,926** | **52,715,592** | **2.31** | **36.9** |

III-7

Exhibit A
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SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | GENERAL PLANT | | | | | | | | |
| 390.10 | STRUCTURES AND IMPROVEMENTS | 37-S0.5 | (5) | 83,629,962.89 | 14,627,075 | 73,184,389 | 2,207,729 | 2.64 | 33.1 |
| 390.20 | STRUCTURES AND IMPROVEMENTS - WAREHOUSE | 25-S2 | (5) | 2,807,269.20 | 1,209,310 | 1,738,323 | 112,577 | 4.01 | 15.4 |
| 390.80 | STRUCTURES AND IMPROVEMENTS - OFFICE LEASE | 20-SQ | 0 | 246,703.50 | 130,032 | 116,672 | 14,351 | 5.82 | 8.1 |
| 390.90 | STRUCTURES AND IMPROVEMENTS - WAREHOUSE LEASE | 20-SQ | 0 | 106,998.38 | 64,252 | 42,746 | 9,499 | 8.88 | 4.5 |
| 391.10 | OFFICE FURNITURE AND EQUIPMENT | 20-SQ | 0 | 2,330,846.61 | 722,461 | 1,608,201 | 188,447 | 8.08 | 8.5 |
| 391.20 | OFFICE FURNITURE AND EQUIPMENT - EDP | 5-SQ | 0 | 2,842,212.02 | 1,462,071 | 1,380,141 | 494,528 ** | 17.40 | 2.8 |
| 391.21 | OFFICE FURNITURE AND EQUIPMENT - EDP (RESERVE AMORTIZATION) | | | | (940,000) | 940,000 | 188,000 | *** | 5.0 |
| 391.30 | OFFICE FURNITURE AND EQUIPMENT - DATA HANDLING | 20-SQ | 0 | 445,194.53 | 270,937 | 174,259 | 18,706 | 4.20 | 9.3 |
| 391.90 | OFFICE FURNITURE AND EQUIPMENT - LEASEHOLD | 20-SQ | 0 | 780.64 | 411 | 370 | 148 | 18.96 | 2.5 |
| 393.00 | STORES EQUIPMENT | 25-SQ | 0 | 334,530.66 | 223,463 | 111,068 | 9,050 | 2.71 | 12.3 |
| 394.10 | TOOL, SHOP AND GARAGE EQUIPMENT - HAND TOOLS | 20-SQ | 0 | 312,721.79 | 178,928 | 133,792 | 10,481 | 3.35 | 12.8 |
| 394.20 | TOOL, SHOP AND GARAGE EQUIPMENT - LINE | 20-SQ | 0 | 2,259,179.49 | 784,189 | 1,474,993 | 207,584 | 9.19 | 7.1 |
| 394.30 | TOOL, SHOP AND GARAGE EQUIPMENT - SHOP | 20-SQ | 0 | 415,754.39 | 282,515 | 133,241 | 8,700 | 2.09 | 15.3 |
| 394.40 | TOOL, SHOP AND GARAGE EQUIPMENT - GARAGE | 20-SQ | 0 | 335,596.22 | 301,062 | 34,535 | 2,223 | 0.66 | 15.5 |
| 395.10 | LABORATORY EQUIPMENT - METER TEST | 20-SQ | 0 | 2,341,795.80 | 970,280 | 1,371,515 | 252,232 | 10.77 | 5.4 |
| 395.20 | LABORATORY EQUIPMENT - OTHER TEST | 20-SQ | 0 | 719,717.57 | 432,446 | 287,271 | 34,621 | 4.81 | 8.3 |
| 395.30 | LABORATORY EQUIPMENT - FIELD TEST | 20-SQ | 0 | 3,331,382.51 | 1,515,624 | 1,815,760 | 169,831 | 5.10 | 10.7 |
| 397.00 | COMMUNICATION EQUIPMENT | 8-SQ | 0 | 3,443,368.83 | 359,829 | 3,083,540 | 1,382,525 | 40.15 | 2.2 |
| 398.00 | MISCELLANEOUS EQUIPMENT | 20-SQ | 0 | 4,028,690.72 | 775,911 | 3,252,779 | 381,071 | 9.46 | 8.5 |
| | TOTAL GENERAL PLANT | | | 109,932,705.75 | 23,370,796 | 90,883,595 | 5,692,303 | 5.18 | 16.0 |
| | COMMON PLANT | | | | | | | | |
| 690.10 | STRUCTURES AND IMPROVEMENTS - OFFICE | 37-S0.5 | (5) | 106,156,667.47 | 15,984,088 | 95,480,412 | 2,964,571 | 2.79 | 32.2 |
| 690.20 | STRUCTURES AND IMPROVEMENTS - WAREHOUSE | 25-S2 | (5) | 3,094,929.58 | 1,060,002 | 2,189,675 | 132,748 | 4.29 | 16.5 |
| 690.80 | STRUCTURES AND IMPROVEMENTS - OFFICE LEASE | 20-SQ | 0 | 7,995,877.56 | 2,025,864 | 5,970,017 | 866,552 | 10.84 | 6.9 |
| 690.90 | STRUCTURES AND IMPROVEMENTS - WAREHOUSE LEASE | 20-SQ | 0 | 282,941.91 | 23,232 | 259,710 | 14,222 | 5.03 | 18.3 |
| 691.10 | OFFICE FURNITURE AND EQUIPMENT | 20-SQ | 0 | 8,376,767.78 | 3,990,319 | 4,386,448 | 375,425 | 4.48 | 11.7 |
| 691.20 | OFFICE FURNITURE AND EQUIPMENT - EDP | 5-SQ | 0 | 5,397,361.72 | 2,823,595 | 2,573,766 | 1,052,015 ** | 19.49 | 2.4 |
| 691.21 | OFFICE FURNITURE AND EQUIPMENT - EDP (RESERVE AMORTIZATION) | | | | (18,940,000) | 18,940,000 | 3,788,000 | *** | 5.0 |
| 691.30 | OFFICE FURNITURE AND EQUIPMENT - DATA HANDLING | 20-SQ | 0 | 1,893,593.62 | 1,098,005 | 795,590 | 114,710 | 6.06 | 6.9 |
| 693.00 | STORES EQUIPMENT | 25-SQ | 0 | 335,539.61 | 263,598 | 71,941 | 11,834 | 3.53 | 6.1 |
| 694.10 | TOOL, SHOP AND GARAGE EQUIPMENT - POWER TOOLS | 20-SQ | 0 | 11,175.19 | 5,275 | 5,900 | 769 | 6.88 | 7.7 |
| 694.30 | TOOL, SHOP AND GARAGE EQUIPMENT - SHOP TOOLS | 20-SQ | 0 | 273,040.20 | 116,789 | 156,251 | 16,405 | 6.01 | 9.5 |
| 694.40 | TOOL, SHOP AND GARAGE EQUIPMENT - GARAGE | 20-SQ | 0 | 1,139,239.77 | 454,309 | 684,930 | 52,844 | 4.64 | 13.0 |
| 695.20 | LABORATORY EQUIPMENT - OTHER TEST | 20-SQ | 0 | 126,458.27 | 64,387 | 62,071 | 10,876 | 8.60 | 5.7 |
| 695.30 | LABORATORY EQUIPMENT - FIELD TEST | 20-SQ | 0 | 109,871.07 | 56,153 | 53,718 | 7,167 | 6.52 | 7.5 |
| 697.00 | COMMUNICATION EQUIPMENT | 8-SQ | 0 | 7,437,947.00 | 3,835,318 | 3,602,628 | 1,026,253 | 13.80 | 3.5 |
| 697.80 | COMMUNICATION EQUIPMENT - LEASEHOLD | 8-SQ | 0 | 59,887.46 | 53,365 | 6,522 | 6,522 | 10.89 | 1.0 |
| 698.00 | MISCELLANEOUS EQUIPMENT | 20-SQ | 0 | 4,013,455.66 | 2,035,525 | 1,977,929 | 259,250 | 6.46 | 7.6 |
| | TOTAL COMMON PLANT | | | 146,704,753.87 | 14,949,824 | 137,217,508 | 10,700,163 | 7.29 | 12.8 |

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2008

| | ACCOUNT | SURVIVOR CURVE | NET SALVAGE PERCENT | ORIGINAL COST | BOOK RESERVE | FUTURE ACCRUALS | CALCULATED ANNUAL ACCRUAL AMOUNT | CALCULATED ANNUAL ACCRUAL RATE | COMPOSITE REMAINING LIFE |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8)=(7)/(4) | (9)=(6)/(7) |
| | NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED | | | | | | | | |
| 301.00 | ORGANIZATION | | | 14,988.33 | 14,988 | | | | |
| 302.00 | FRANCHISES AND CONSENTS | | | 4,643,673.29 | 2,239,802 | | | | |
| 302.20 | FRANCHISES AND CONSENTS - NUCLEAR | | | 8,564,832.09 | 1,050,163 | | | | |
| 303.00 | MISCELLANEOUS INTANGIBLE PLANT | | | 38,597,469.99 | 31,986,957 | | | | |
| 303.20 | MISCELLANEOUS INTANGIBLE PLANT - NUCLEAR | | | 21,620,938.20 | 15,511,812 | | | | |
| 310.00 | LAND OWNED IN FEE | | | 12,526,448.04 | | | | | |
| 320.10 | LAND OWNED IN FEE | | | 877,990.92 | | | | | |
| 330.10 | LAND OWNED IN FEE | | | 29,474,904.55 | | | | | |
| 340.10 | LAND OWNED IN FEE | | | 2,822,850.47 | | | | | |
| 341.00 | FABER PLACE - STRUCTURES AND IMPROVEMENTS | | | 17,058.85 | (34,550) | 51,609 | | | |
| 345.00 | BURTON - ACCESSORY ELECTRIC EQUIPMENT | | | 44,737.90 | 4,362 | 44,850 | | | |
| 345.00 | FABER PLACE - ACCESSORY ELECTRIC EQUIPMENT | | | 15,803.15 | (5,486) | 22,869 | | | |
| 346.00 | FABER PLACE - MISCELLANEOUS POWER PLANT EQUIPMENT | | | 16,598.34 | 1,094 | 15,504 | | | |
| 350.10 | LAND OWNED IN FEE | | | 4,317,342.33 | | | | | |
| 350.20 | LAND RIGHTS AND EASEMENTS | | | 39,239,515.73 | | | | | |
| 360.10 | LAND OWNED IN FEE | | | 16,098,564.78 | | | | | |
| 360.20 | LAND RIGHTS AND EASEMENTS | | | 27,991,425.38 | | | | | |
| 389.10 | LAND OWNED IN FEE | | | 5,028,919.92 | | | | | |
| | TOTAL NONDEPRECIABLE PLANT | | | 211,914,062.26 | 50,769,142 | 134,832 | | | |
| | TOTAL ELECTRIC PLANT | | | 7,388,058,708.30 | 2,682,576,498 | 5,622,622,918 | 208,321,363 | 2.82 | 27.0 |

* Curve shown is interim survivor curve. Each facility in the account is assigned an individual probable retirement year.

** Annual accrual rate for 2009 and subsequent vintage will be 20%

*** 5-Year amortization of unrecovered reserve

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ESTIMATED SURVIVOR CURVES, NET SALVAGE AND CALCULATED
ANNUAL DEPRECIATION ACCRUAL RATES FOR THE COMBUSTION TURBINE UNITS 5 & 6
AT THE HAGOOD FACILITY TO BE COMPLETED DURING 2009

| | ACCOUNT | SURVIVOR CURVE | | NET SALVAGE PERCENT | CALCULATED ANNUAL ACCRUAL RATE |
|---|---|---|---|---|---|
| | (1) | (2) | | (3) | (4) |
| | **OTHER PRODUCTION PLANT** | | | | |
| | HAGOOD CT UNITS 5 & 6 | | | | |
| 341.00 | STRUCTURES AND IMPROVEMENTS | 40-S0.5 | * | 0 | 4.06 |
| 342.00 | FUEL HOLDERS, PRODUCERS & ACCESSORIES | 30-S2 | * | (15) | 4.46 |
| 343.00 | PRIME MOVERS | 25-S2.5 | * | (5) | 4.65 |
| 344.00 | GENERATORS | 60-S2 | * | (5) | 3.02 |
| 345.00 | ACCESSORY ELECTRIC EQUIPMENT | 40-S1.5 | * | (10) | 3.76 |
| 346.00 | MISCELLANEOUS POWER PLANT EQUIPMENT | 35-R2.5 | * | 0 | 4.02 |

* Indicates probable retirement date of 2044.